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USSR WORLD TRADE

USSR TRADE WITH WORLD COMMUNITY SUMMARIZED

Kiev KOMMUNIST UKRAINY in Russian No 8, Aug 81 pp 78-85

[Article by I. Ye. Onishchenko: "Powerful Factor in Strengthening Peace and Good-Neighborly Relations Among Peoples"]

[Text] Following the behests of V. I. Lenin, who viewed the struggle for peace as being inseparably linked to the struggle for socialism, the CPSU has made a large contribution to working out and implementing a foreign policy course aimed at curbing the aggressive aspirations of imperialism and ensuring peaceful conditions for building communism. "...We need to do everything we can now, today, to block the path of lovers of unlimited arms and military adventures," said Comrade L. I. Brezhnev at the Fifth Session of the USSR Supreme Soviet's 10th Convocation. "We need to do everything we can to ensure people's right to live. And there can be no uninvolved or indifferent people in this cause: it concerns each and every person."

The development and deepening of foreign economic ties between the Soviet Union and foreign countries must play a definite role in carrying out these ambitious, noble tasks. Their continued expansion is determined foremost by the consistent internationalist policy of the CPSU, which is aimed at strengthening the might and unity of countries of the socialist community, developing the world socialist system, and strengthening friendship and cooperation in the interests of peace and social progress. "Relations between states have of old been called international," stressed Comrade L. I. Brezhnev at the 26th CPSU Congress, "but it is only in our time, in the world of socialism, that they have actually become relations between peoples. Millions and millions of people participate directly in them. This, comrades, is the fundamental victory of socialism and its great service to humanity."

In this regard, of course, our party takes into account the fact that the development of foreign economic ties permits the mobilization of additional opportunities for successfully resolving national economic tasks, improving production efficiency, accelerating scientific and technical progress, and further improving the well-being of the workers.

During the 1970's, USSR economic cooperation with other countries became more multifaceted and effective. The system of USSR foreign economic ties, as a complex, dynamic branch closely interacting with the entire national economy, has now emerged at a qualitatively new stage of its development. During the past five years alone, the number of our country's trading partners has increased from 115 to 139 countries. Soviet foreign trade turnover increased from 50.7 billion rubles in actual world

market prices in 1975 to 94.1 billion in 1980. For comparison, we could note that in 1921, which V. I. Lenin called the first year of trade turnover with foreign countries, it was only 181 million rubles.

Today, the USSR is one of the world's largest exporters of metallurgical equipment. About 50 states purchase Soviet drilling, geological surveying and other equipment for petroleum industry. Upwards of 1,500 Soviet electric furnaces are operating in 49 countries. Our power equipment is well known in Argentina, Brasil, India, Greece, Iceland, Canada, Norway and many other countries. The Soviet Union has entered the foreign market with the whole gamut of electronic data processing equipment, from the simplest pocket calculators and microcomputers to large, multipurpose computers. A whole series of other Soviet goods is also in considerable demand on the world market -- agricultural machinery, automobiles, machine tools, household electric appliances, watches and others.

The participation of Ukrainian SSR enterprises in USSR foreign economic ties is constantly expanding. Their products are now being supplied to more than 100 countries. The rolling mills and presses, machine tools, lift-transport equipment and equipment for chemical industry which is manufactured in the republic is well-known on all the continents of the planet.

Comprehensive expansion of cooperation with socialist countries, built on a solid foundation of joint interests and profoundly purposeful in nature, has been and remains the center of attention for the Communist Party and Soviet state. "We will continue improving the coordination of our national economic plans with other CEMA member-nations," stressed USSR Council of Ministers Chairman and CPSU Central Committee Politburo member N. A. Tikhonov at the 26th CPSU Congress, "deepening socialist economic integration. We view this as an important means of strengthening the positions of socialism in the world economy, protecting the socialist countries from the effects of unfavorable trends manifesting themselves in the world capitalist economy."

In spite of the increasing complexity of the world economic situation, countries of the socialist community have retained their role as the most dynamic economic force. Relying on rapid production, scientific and technical potential growth, they have achieved a total national income growth of 66 percent for 1971-1980 (preliminary data), and of 84 percent for industrial production. This indicator is two-fold higher than in the developed capitalist countries. During these same years, reciprocal foreign trade turnover among them increased approximately four-fold, from 33.5 billion transfer rubles in 1970 to 119 billion rubles in 1980. For example, CEMA countries met 70 percent of their iron ore import requirements through reciprocal deliveries in 1979, 93 percent of their anthracite import requirements, 94 percent for coke and 68 percent for petroleum.

Implementation of the Comprehensive Program for Further Deepening and Improving Cooperation and Developing CEMA Member-Nation Socialist Economic Integration has been an important link in comprehensive, collective cooperation among them. In this regard, carrying out the measures anticipated by the long-range target cooperation programs (LTCP) has been the center of attention. Such huge projects as the Druzhba oil pipeline, the Mir power system, the giant Bratstvo and Soyuz gas pipelines, Ust'-Ilimskiy Cellulose Plant, Kiyembayevskiy Asbestos Combine and ferroalloys plants have been installed on the basis of the coordinated plan of multilateral integration measures, for example. The total cost of the joint projects put into operation is in

the billions of rubles. Just those built in the 10th Five-Year Plan have enabled CEMA countries to receive an additional 15.5 billion cubic meters of natural gas, 5.5 million tons of iron ore, 210,000 tons of ferroalloys, 117,000 tons of asbestos, 205,000 tons of cellulose and 64 billion kilowatt-hours of electric power annually, based on their proportionate participation in the construction.

Quite a bit has been and is being done in the area of further international production specialization and cooperation. Upwards of 120 multilateral and more than 660 bilateral agreements on production specialization and cooperation are now being implemented among CEMA member-nations. This has permitted an increase in the proportion of specialized output in total exports from 24 percent in 1975 to 35 percent in 1979. In this regard, it should be noted that the center of gravity in implementing the long-range production specialization and cooperation programs in countries of the socialist community is increasingly shifting to the branch level, increasing the role of expanding cooperation among ministries, associations and individual enterprises. About 1,300 USSR production collectives already maintain permanent ties with approximately 1,500 enterprises of the fraternal socialist countries. Leading experience is exchanged and socialist competition is growing within the framework of contacts among them.

In the new five-year plan, we anticipate further deepening of comprehensive Soviet national economic ties with countries of the socialist community. In this regard, as was emphasized in the Basic Directions, particular attention will be paid to their effectiveness, to increasing the role of production specialization and cooperation on the basis of coordinated long-range programs, to exchanging experience in socialist management, to the maximum use of existing reserves.

The 26th CPSU Congress noted that the party will continue to consistently follow a policy of increasing production efficiency on the basis of comprehensive intensification, improving product quality and services in all branches. Similar important tasks also face other CEMA member-nations. This communality of strategic directives for the 1980's is determined foremost by the fact that further development of the national economy of the socialist community will require the selection of the most promising directions in which to concentrate resources whose use will ensure significant improvement in production efficiency and technical level, increasing the attention paid to the qualitative aspect of growth in the material well-being of the population and, at the same time, continued improvement in the consumption structure. This was precisely what Comrade L. I. Brezhnev, CPSU Central Committee General Secretary and USSR Supreme Soviet Presidium Chairman, referred to in meetings with leaders of the communist and worker parties of countries of the socialist community which were held last summer in the Crimea. The idea was expressed there that the industrial and scientific-technical potential of the CEMA countries and uniting their efforts in the area of developing the national economy would enable us to ensure the attainment of new and higher economic frontiers, accelerating the resolution of basic socioeconomic questions and strengthening their positions in the world economy. It was for precisely that reason that the 26th CPSU Congress paid so much attention to further broadening and deepening economic integration in the new five-year plan.

Joint agreement that each program of scientific-technical cooperation among countries of the socialist community will include a complex of work coordinated in terms of scheduled completion, with a precise distribution of labor among the partners and setting specific implementers, as well as the rough expenditures of the participant

countries, is of important significance. Such programs will actually become a joint planning document determining its end result. History has never known such mutually advantageous economic cooperation.

Foreign trade among countries of the socialist community will be further developed over the course of 1981-1985. According to preliminary estimates, USSR reciprocal deliveries of goods with CEMA countries will be increased 40 percent in the 11th Five-Year Plan, to 260 billion rubles in constant prices. As compared with the preceding five-year plan, Soviet trade turnover will increase 37 percent with the PRB [People's Republic of Bulgaria], 45 percent with the HPR [Hungarian People's Republic], approximately 33 percent with the GDR and nearly 1.5-fold with the MPR [Mongolian People's Republic]. Exports just of Soviet machine-building output will be increased 40 percent, to 35 billion rubles. At the same time, 60 billion rubles worth of such output will be purchased in CEMA countries, including lift-transport and forging-pressing equipment, computers, equipment for light and food industry, petroleum recovery and reprocessing equipment, and other output.

The development and implementation of a coordinated technical policy opening up new opportunities for all CEMA member-nations in the area of concentrating the release of modern, progressive items and machine systems are taking on ever-increasing importance. Proposals are being worked out on developing seven priority directions in machine-building cooperation through joint efforts. They anticipate organizing the development and production of new machinery and items which determine technical progress and high efficiency in the most important links of the national economy.

The 26th CPSU Congress noted that the discovery and use of new energy sources occupies an important place among the global problems currently facing humanity. The energy problem has been especially exacerbated recently in connection with the appreciable depletion of world liquid fuel reserves. The question of providing the national economy with energy resources has also become more complicated for countries of the socialist community, which has resulted from rising expenditures on fuel extraction and the necessity of restructuring national economic complexes and preserving an adequately high level of energy consumption. Successful resolution of such problems as providing energy resources and raw material is therefore impossible for any one socialist country without ties with other fraternal countries.

In view of the requirements of the community's countries, the Soviet Union, true to its international duty and in spite of difficulties connected with worsening extraction conditions, will keep its petroleum deliveries in the current five-year plan at the 1980 level.

The European CEMA member-nations and Cuba have now embarked on implementation of a large program in the area of nuclear power engineering. In the 1980's, construction will develop on nuclear power plants with a total capacity of 37 million kilowatts. A firm technical base has been created for this and appropriate agreements have been concluded with the active participation of several countries. For example, the primary producers of the nuclear equipment will be the Soviet Atommash and Czechoslovak Shkoda association.

Fulfillment of the USSR energy program and the fastest possible completion of a number of energy projects, in particular, the one at Urengoy'skiy, will doubtless facilitate the successful resolution of questions of providing the CEMA member-nation

national economy with energy and energy carriers. The socialist countries can also make a definite contribution to this common cause. "We expect," said Comrade L. I. Brezhnev at the 26th Party Congress, "that the socialist countries concerned will take part in implementing this project, just as they did in developing nuclear power engineering. This would be of substantial importance to our entire community."

The fraternal countries see in the uniting of their production, scientific and technical resources a reliable method of ensuring planned national economic growth and a steady rise in the workers' standard of living.

The truly fair, equal, fraternal cooperation of countries of the socialist community is now, more than ever before, the primary buttress of peace on earth. It facilitates strengthening the entire socialist system. Socialism is marching confidently across the planet, eliciting furious attacks by the reactionary circles of the imperialist states.

Given continued exacerbation of the general crisis of capitalism and intensified interimperialist contradictions, they, and foremost the aggressive circles of the USA, are striving to use trade and economic ties as well as a political means of pressuring the USSR and other socialist countries. However, as is known, the increasingly harsh trade policy and imposition of an embargo on deliveries of certain goods have negatively affected the economies of the imperialist states themselves, the USA in particular. Reality has proven their lack of promise, since the technical and economic independence of the USSR and of all countries of the socialist community is safely guaranteed by their enormous economic, scientific and technical potential.

As before, the policy of developing USSR cooperation with the developing countries will be continued in the current five-year plan. "Develop mutually advantageous exchange of goods on a long-term, equal basis," stresses the Basic Directions," as well as comprehensive economic, scientific, technical and other ties between the Soviet Union and the developing countries. Continue rendering these countries economic and technical assistance in installing industrial enterprises, power, agricultural and other facilities which help strengthen their economic and political independence."

The Soviet Union's economic and technical assistance to the liberated countries has been and will be rendered foremost to their national industries, which creates the material-technical base for overcoming the consequences of colonialism, lays the foundation for a modern economy and helps develop the state sector. Such assistance plays a substantial role in accelerating the rates of economic development of the young states, in strengthening their positions in the struggle with imperialism.

In 1979, our country maintained trade ties with 86 developing countries, including relations regulated by intergovernmental trade or economic contracts or agreements concluded on a mutually advantageous, equal basis with 73 of them. During the years 1975-1980, foreign trade turnover volume increased from 6.3 to 12.0 billion rubles. In addition to deliveries of Soviet machinery and equipment, especially for such branches as machine building, metallurgy, power engineering and extractive industry, they anticipated Soviet assistance in installing 1,157 industrial enterprises, power, agricultural and other facilities, 650 of which have already been put into operation. Last year alone, our state supplied these countries with sets of equipment for 220 projects and did research and design work on the installation of 230 industrial and other national economic enterprises.

The significance to the liberated countries of economic, scientific and technical ties with the Soviet Union is enormous. In Syrian cities and villages, for example, two of every three light bulbs are lit today by current from the Euphrates GES, designed and built with the participation of Soviet specialists and equipped with Soviet equipment. The metallurgical complexes built in Bhilai and Bokaro with USSR assistance have become the flagships of Indian national metallurgy. There are quite a few such examples.

Our country renders many people liberated from the colonial yoke assistance in training engineers, physicians, teachers, journalists and musicians. Tens of thousands of skilled workers have been trained at enterprises built with USSR assistance.

The Ukrainian SSR participates in building upwards of 400 industrial and other facilities in developing countries and trains highly skilled personnel for them. Suffice it to note that about 800 specialists from countries of Asia, Africa and Latin America have been trained just at full-time metallurgist courses at Zaporozhstal' and arc welder courses at the Arc Welding Institute imeni Ye. O. Paton of the UkSSR Academy of Sciences.

USSR economic, scientific and technical cooperation with countries of socialist orientation has been developed especially successfully. In recent years, the Soviet Union has concluded friendship and cooperation agreements with Angola, Ethiopia, Mozambique, Afghanistan, the People's Democratic Republic of Yemen and Syria.

One characteristic feature of USSR economic ties with the developing countries is their mutual advantage. Soviet loans to purchase machinery and equipment for developing national industry are promptly repaid. Currency receipts from their repayment are growing each year and amount to hundreds of millions of rubles, a substantial contribution to our balance of payments. With the funds received, nonferrous metal ores and concentrates, gas, petroleum, long-fiber cotton, natural rubber, leather, olive seed, rice, tea, coffee, cocoa beans, tropical fruit, fabric, knitwear, furniture, footwear and other goods are purchased in these countries.

Quite a few countries count on paying for sets of Soviet equipment either fully or partially with deliveries of output from projects built with USSR assistance. Thus, during 1976-1979, our country imported a total of 2.5 billion rubles of such output.

All this indicates that cooperation with the Soviet Union is an important factor in economic and cultural progress in the developing countries, a factor strengthening their political independence and economic self-reliance. It is equal and mutually advantageous in nature and represents a new and just type of international relations.

The Soviet Union actively supports the struggle of the young countries to establish a new international economic order on a just, mutually advantageous, democratic basis in the world, which will unquestionably facilitate the gradual elimination of the dominion of imperialist monopolies in their economies and limiting the activity of foreign capital.

The neocolonialist policies of the imperialist states regarding the developing countries look especially unattractive on this background. In a number of instances, the young states have been forced to spend upwards of a third of their export receipts to pay the profits of the foreign monopolies, debts and interest on loans. Their foreign indebtedness to the developed capitalist countries is now an astronomical \$360 billion.

Exacerbation of the world energy problem has had an especially pernicious effect on the economies of the developing countries, in particular, on those which do not have liquid fuel reserves. Their current-operations balance of payments deficit, which averaged about \$7.7 billion in 1970-1972, had grown to \$50 billion by the end of last year, exceeding three-fold the corresponding indicators for the industrially developed capitalist countries.

Aggressive imperialist circles are trying to preserve their dominant position in the young countries rich in raw materials. It is for good reason that Washington has proclaimed the Persian Gulf a zone "vitally important" to U.S. interests.

And in this regard, as in others, the Soviet Union has been on the side of the countries liberated from the colonial yoke. The consistency of Soviet state policy aimed at peaceful, fruitful cooperation on an international scale was reaffirmed in the proposals by Comrade L. I. Brezhnev on ensuring peace and security in the Persian Gulf.

The overwhelming majority of the developing countries are united by a policy of anti-imperialism, an effort to put an end to survivals of colonialism, racism and apartheid and the creation of economically developed, democratic societies. This pattern of our times opens up broad opportunities for further expanding Soviet cooperation with these countries. "The CPSU," Comrade L. I. Brezhnev noted at the 26th Party Congress, "will continue its consistent policy of developing USSR cooperation with the liberated countries, of strengthening the alliance of world socialism and the national-liberation movement."

In broadening foreign economic ties with the developed capitalist countries, the USSR proceeds from Leninist principles of the peaceful coexistence of states with different social systems, the necessity of securing a lessening of international tension, the objective requirements of partner-country economies and the advantages of the international division of labor. "...Without certain interrelationships between us and the capitalist states," V. I. Lenin noted at the 9th All-Russian Congress of Soviets in December 1921, "solid economic relations are impossible for us. Events have shown very vividly that they are also impossible for them" ("Poln. sobr. soch." [Complete Collected Works], Vol 44, p 300).

In spite of the resistance of reactionary imperialist circles, trade turnover between the Soviet Union and the industrially developed capitalist countries was 31.5 billion rubles in 1980. One characteristic feature of the development of economic relations has been the concluding of many large-scale, long-term agreements and contracts on intergovernmental and private-law bases. In addition to purely material advantages, meeting Soviet orders in the West provides for the employment of hundreds of thousands of workers (about 300,000 in the FRG alone), which is of great importance given the growth in the army of unemployed in the capitalist countries.

Equipment and materials will be supplied from capitalist countries on the basis of compensatory agreements just in 1981 for the Oskol'skiy Electrometallurgical Combine, an enrichment factory in the Southern Yakutsk complex and a number of other projects. The USSR will export to these countries output from plants being built on a compensatory basis.

A broad system of Soviet-French economic, scientific and technical ties evolved during the 1970's. Trade volume alone increased three-fold between the two countries and is tending to increase.

The volume of Soviet - West German trade has also doubled during the past five-year plan. Deliveries of industrial equipment occupy a significant place in economic ties between the USSR and the FRG. In turn, the country meets much of its import requirements for natural gas, phosphates, chromium ore, ferrochrome and other materials through Soviet deliveries. The July 1980 Long-Range Program of Main Directions of Cooperation between the two countries in the area of economics and industry over the next 25 years is of important significance to further expanding foreign economic ties.

Among the industrially developed countries, Italy is one of the USSR's main trade partners. The volume of Soviet-Italian trade has increased three-fold over the past five years as compared with the preceding five-year plan and exceeded three billion rubles in 1980. In exchange for petroleum, petroleum products, natural gas and certain types of machinery and equipment, the USSR buys large pipe, machinery and equipment, chemical products and consumer goods in Italy. Large contracts with Italy's Montedison company anticipate deliveries of installations to produce chemical products to the Soviet Union and deliveries of various chemical goods to Italy.

Soviet-Finnish economic, scientific and technical ties are being developed on a solid base. They are characterized by mutual advantage, stability and long-term prospects. The parties have completed fulfillment of the sixth five-year agreement, anticipating achievement of a trade turnover of about nine billion rubles, but preliminary data indicate an actual turnover of 13 billion. The protocol to the Long-Range Program for Developing and Deepening Trade, Economic, Industrial, Scientific and Technical Cooperation Up To 1990, which was signed by the heads of the two states in November 1980, anticipates increasing reciprocal trade volume to 18-20 billion rubles during 1981-1985.

Finnish Minister of Foreign Trade E. Rekola said, "Economic ties with the USSR are also important to our country because they enable us to develop many branches of industry more confidently, to guarantee higher employment in the country. Hundreds of thousands of Finnish citizens are now aware in one form or another of the fruitful results of this bilateral cooperation which, we are confident, will continue to be stable in the future."

The 26th CPSU Congress outlined a policy of further stable trade, economic, scientific and technical relations with the developed capitalist states which display an interest in cooperation with the Soviet Union. Implementation of existing agreements will be continued and new agreements will be concluded in the area of carrying out large projects in fuel, metallurgical and chemical industry and in other branches of the national economy. "We are taking the proper constructive approach to questions of international economic cooperation on the part of many capitalist states and business circles," said Comrade N. A. Tikhonov at the 26th CPSU Congress, "and will be developing trade foremost with these countries."

The main forces and resources of our society are aimed at peaceful creativity, at improving the lives of the Soviet people -- such is the leit-motiv of documents of the 26th CPSU Congress. The development of foreign economic ties is also part of the system of measures to systematically improve the well-being of our people. Suffice it to say that imports of consumer goods, machinery, equipment and raw material to produce them, medicines and equipment and various means of equipping the personal and municipal-services systems have been increasing, four-fold over the past 10 years, and are approaching 20 billion rubles. The share of this category of goods exceeded 50 percent of all the country's imports, as compared with 40 percent in the

preceding decade. This testifies to steady growth in the economic, scientific and technical potential of the USSR, which has ensured an increase in deliveries of domestic output abroad and of export receipts to pay for imports.

The expansion of purchases of machinery and equipment for a whole series of branches of light and food industry abroad has enabled us to create many new sugar, canning, confectionery and beer-making plants, plants to produce dairy products and dozens of enterprises of textile, leather, footwear and several other branches. Foreign trade development has resulted in an updating of the Soviet agricultural machinery fleet, especially to mechanize work in horticulture, vegetable growing and stockraising. Imports of such equipment increased four-fold during the last decade.

Purchases of two billion rubles worth of equipment for gas pipelines and municipal services have definitely facilitated growth in the rates of development of gas industry, which has permitted a sharp increase in the number of apartments supplied with gas in our country.

The constant growth in real incomes of Soviet people has significantly increased their demand for foodstuffs and necessitated some food purchases abroad. During 1970-1980, the country imported nearly 30 million tons of raw sugar and one million tons of refined sugar (primarily from Cuba), at a total cost of about 12 billion rubles. As a result, the demands of the Soviet people for this important food product were fully met.

The expansion of foreign economic ties with the countries of Asia, Africa and Latin America has permitted a significant increase in deliveries of fresh, canned and dried fruit and vegetables, tropical and subtropical agricultural products to this country. Over the past 10 years, for example, 6.8 million tons of lemons and oranges, 1.2 million tons of cocoa beans, one million tons of coffee and tea, 240,000 tons of bananas, and so forth, were imported from abroad. Characteristically, Angola, Brazil, Ghana, India, Morocco, Turkey and other developing countries supplied us with traditional export goods in exchange for advanced equipment to develop their national economies.

It is known that our country specializes in the production of durable consumer goods. Expansion of exports of such goods to countries of the socialist community and other states has enabled us to import more clothing, footwear, fabric, fur and fur items, and so forth. It was precisely due to imports that Soviet retail trade received upwards of 650 million pairs of leather shoes, about three billion square meters of fabric and hundreds of millions of clothing and linen items this past decade. In 1979, the country imported a total of 374 million rubles worth of just furniture, as against 177 million rubles in 1970. All this indicates the constant concern of our party for improving the well-being of the Soviet worker, maximum satisfaction of his needs, including through the development of foreign economic ties.

Thus, enriched by new ideas and the collective experience of the fraternal parties, USSR foreign economic ties have become an important factor in strengthening the national economies of the socialist countries and world socialism as a whole, in restructuring economic and social life in the developing countries, in the struggle against imperialism and neocolonialism, and a strong weapon for actualizing disarmament and establishing good-neighborly relations between peoples.

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SOCIALIST ECONOMIC INTEGRATION VIEWED

Comprehensive Program

Moscow FOREIGN TRADE in English No 11, Nov 81 pp 4-9

[Article by Lev Afanasyev and Sergei Chenchikovski]

[Text]

In 1971 the CMEA member-countries adopted the Comprehensive Programme for the Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration.

The principle directions of the economic integration were defined by the leaders of the Communist and Workers' Parties and the fraternal countries' heads of state at the 23rd (Special) CMEA Session in 1969. The course for integration was taken on the basis of an analysis of the CMEA member-countries' achievements in economic progress and expresses the objective demands of the world socialist system's development.

The document, of huge political and economic importance, has enriched the practice of the CMEA countries cooperation. In organic interconnection and comprehensiveness it embraced all forms of cooperation pertaining to the vital spheres of mutual relations—planning activity, material production, science and technology, foreign trade, currency and finance, treaty-juridical basis.

The accomplishment of economic tasks continuously growing in scope and complexity and common to the CMEA member-countries now has a qualitatively new approach: comprehensive solution of corresponding economic, organizational and juridical questions referring to diverse spheres of cooperation and to the unification of the countries' scientific and technical efforts, productive capacities, material, financial and labour resources.

Within the framework of the international socialist division of labour the reciprocity of the CMEA countries' economies constantly grows so that it is impossible to move ahead without coordination of economic and social development

plans. Coordination of national economic plans is the most effective method of the CMEA countries' mutual efforts for resolving cardinal economic problems. Gathering experience from many five-year-plan periods during 1956 to 1980 it has become a reliable method of cooperation in the field of planning. With its help the external economic preconditions for the elaboration and fulfilment of national economic and social development plans are assured.

The Comprehensive Programme envisages improvement of cooperation in the fields of science and technology. For the ten years from the time the Comprehensive Programme was adopted, scientific and technical cooperation of the CMEA member-countries has grown substantially. It raises the general scientific and technical level of the socialist community countries' development, accelerates the formation process of each country's national scientific and technical potential, strengthens the material and technical and informative base of science. The results achieved in the process of scientific-technical cooperation and passed into industry, give significant economic advantages.

In accord with the Comprehensive Programme the CMEA member-countries cooperate in jointly building industrial and other projects which is correspondingly reflected in the Coordinated Plan for Multilateral Integration Measures of the CMEA countries for the 1976-1980 period. This plan was adopted for the first time by the 29th CMEA Session in 1975.

The plan of multilateral integration measures envisaged building tens of large projects, eight of them in the USSR. Among these are: Ust-Ilimsk pulp and paper factory (annual output 500,000 tons), Kiembavev asbestos ore-dressing complex (productivity 500,000 tons of asbestos a year), Vinnitsa (USSR)-Albertirsa (Hungary) 750 kV high-voltage transmission line, creation of capacities for producing ferrous raw materials and separate forms of ferro-alloys, a factory for the production of food yeast in the town of Mozyr, the Civil Aviation Training Centre for flying and technical personnel in the town of Ulyanovsk.

Great attention was given in the plan to cooperation in exploiting the Orenburg gas-condensate deposits and in building the gas pipeline from Orenburg to the western border of the USSR. The pipeline bearing the name Soyuz (Union) reached its design capacity (28,000 million cubic metres a year) ahead of schedule at the end of 1978. Thanks to this it became possible to implement the planned deliveries of gas (15,000 million cubic metres per

annum) from the USSR to Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia from the beginning of 1979.

Concordant with intergovernmental and other agreements on cooperation the CMEA countries are to deliver machines, manufacturing equipment, materials for building corresponding projects and other products including consumer goods to the USSR.

The Soviet side, in turn, has accepted the obligation to supply the CMEA countries with cellulose, asbestos, natural gas, electric energy, ferrous raw materials and ferro-alloys, food yeast from the constructed enterprises and undertake the instruction of civil aviation flying and technical personnel.

Recently multilateral agreements on the joint construction of the South-Ukrainian and Khmel-nitsky atomic power stations, on cooperation in the production of citrus fruit and sugar in Cuba, on building enterprises to produce furniture in Romania and Czechoslovakia with the aim of long-term deliveries to the USSR and Mongolia were concluded. Negotiations are underway on multilateral cooperation for maintaining the extraction level of ferrous raw material in the USSR and its delivery to the CMEA countries during 1981-1985.

One of the important arrangements in machine building resulting from the Coordinated Plan is the agreement on international specialization and cooperation in the development and production of computers. It provides for mutual deliveries of products in the present five-year-plan period worth more than 15,000 million rubles. The use of mini-computers in the economy will significantly raise labour productivity and funding efficiency.

The Long-Term Specific Programmes of Cooperation (LSPC) adopted at the CMEA Sessions in 1978 and 1979 strengthen the CMEA countries' cooperation in deciding key problems of their economic and social development: in energy, fuel, and raw materials; machine building; agriculture and the food industry; production of industrial consumer goods; and transport.

The Comprehensive Programme of socialist economic integration set a number of important practical tasks directly concerned with cooperation in foreign trade. These are: raise the capacity and stability of the international socialist market, elaborate forecasts of its development, strengthen the role of long-term agreements on trade turnover and payments and annual protocols on mutual deliveries of goods, widen the mutual trade in machines and

equipment including technical services, improve the foreign trade price regulating system.

Along with this, other forms of cooperation finally materialize such as deliveries of goods. Now the trade relations of the CMEA members are more and more founded on the results of the coordinated national economic plans, combined planning of separate types of production, scientific and technical cooperation, on the joint building of industrial projects, specialization and cooperation in production.

Realization of the Comprehensive Programme stipulated the swift growth of the USSR's trade with the other CMEA member-countries. Over the last ten years trade turnover increased 3.4 times and in 1980 was worth 45,700 million rubles against the 13,500 million rubles in 1970. Certain influence on these indicators is caused by higher world market prices, however, it must be kept in mind that the prices for oil, gas, other raw materials and industrial goods in trade between the CMEA member-countries based on their adopted price formation system are much lower than the world price level.

The share of the CMEA member-countries in the trade turnover of the USSR in 1980 was about 50 per cent. The main groups were: in export—machines and equipment, fuel, raw materials and other primaries; in import—machines and equipment, industrial consumer goods and foodstuffs.

The widening of mutual trade in machines, ensuring supplies of spare parts and technical servicing, raising the technical level and quality of products requires special care on the part of the CMEA member-countries. The export volume of machines and equipment from the USSR to other CMEA countries in 1980 came to 5,716 million rubles against the 1,366 million rubles in 1970 i.e., 4.2 times more. Import reached 9,815 and 2,660 million rubles correspondingly (3.7 times more).

The import of machines and equipment from the CMEA member-countries is of great importance for assuring the development of a number of branches in the USSR's economy, especially, the petrochemical, chemical, light and food industries and railway transport. Ships built in these countries replenish the Soviet Union's sea, fishing and river fleets. For agriculture they supply machines and

equipment which are used to sow and harvest crops and raise the level of labour mechanization at animal breeding and poultry farms.

The increased mutual deliveries of spare parts (3.3 times greater in 1980 than in 1970) and also the creation of technical servicing networks in the USSR and other CMEA countries contributed much to the development of trade in machines and equipment. The corresponding intergovernmental, interdepartmental and other agreements indicating the specific measures and obligations of each side concluded since 1973 have become the legal base for the arrangement of the technical servicing work. Countries-suppliers of machines and equipment create centres for rendering technical services where local specialists are given instruction in the servicing and repair of the purchased machinery.

Among the main ways and means of developing socialist economic integration envisaged in the Comprehensive Programme the first place is allotted to the planned widening of international specialization and cooperation in production, science and technology. This form of cooperation is capable to ensure a wide use of the international division of labour, the latter being an indispensable condition for the successful economic development of the world socialist system. These circumstances confirm the expediency of putting the main attention on problems of international specialization and cooperation in production between the USSR and other CMEA countries.

The international socialist division of labour leads to reduction in social labour expenditure. Countries specialize in those forms of production for which they have relatively better natural, economic and social conditions. At the same time the international division of labour is based not only on the formed conditions but does, in its turn, have an influence on them, creating new and more favourable conditions.

The Comprehensive Programme of socialist economic integration envisages the deepening and broadening of international specialization and cooperation in production in different branches of industry and agriculture through the conclusion of corresponding treaties (agreements) between state organs or economic organizations determining specific conditions of cooperation, technical-economic parameters of products, prices or their level, mutual delivery volumes, guarantees, penalties for improper fulfilment of obligations.

With the aim of overcoming the historically formed differences in economic development of individual countries constituting the socialist community it is envisaged to give the less industrially developed countries opportunities to more broadly participate in international specialization and cooperation through a choice of the new branches of production. By this it is meant that these types of production will have an advanced technical level and ensure high quality production thus giving these countries a stable market for the sale of their products to other CMEA member-countries. The Mongolian People's Republic and the Socialist Republic of Vietnam participate in the work of the CMEA bodies on international specialization and cooperation in production as observers.

Consistent deepening of the international socialist division of labour through specialization and cooperation in production is reflected in the growing number of treaties (agreements) and the increased volumes of deliveries of specialized products between the USSR and other CMEA member-countries.

Some LSPC measures on providing the economically based demands of the CMEA member-countries for chemical products, installations and equipment for the deep refining of oil may be taken as examples of the elaboration of questions on international specialization and cooperation in production.

In June 1979 an intergovernmental General Agreement on specialization and cooperation in production of the energy-intensive and less energy-intensive chemical products was signed in Moscow. Countries-participants in the agreement (Bulgaria, Hungary, the GDR, the Republic of Cuba, Poland, Romania, Czechoslovakia) are building on their territories production facilities of less energy-intensive and low-tonnage chemical products for their delivery in compensation for energy-intensive products the production of which is being expanded in the USSR. In corresponding bilateral agreements the export from the USSR of ammonia, methanol, polyvinylchloride, polyethylene, divinyl and import to the USSR of chemicals-additives for polymer materials, synthetic dyes, chemical plant protection means, chemical semi-products, etc. are provided for.

The volume of Soviet exports under the General Agreement will in the 1981-1985 period be more than 1,000 million rubles and in the next five-year-plan period (1986-1990) is to rise to 2,800 million rubles at current prices.

Realization of the agreed measures will assist the formation of an economically based structure for chemical production and widen the use of chemicals in the country's economy.

Signed in February 1981 was the Intergovernmental General Agreement on cooperation of the CMEA member-countries (Bulgaria, Hungary, the GDR, Poland, Romania, the USSR and Czechoslovakia) the aims of which are to considerably increase the degree of oil refining through the introduction of more modern techniques based on specialization and cooperation in installations and equipment for the secondary process of oil refining and keeping in mind the use of such progressive technologies as catalyst cracking and hydrocracking which raise the output of motor fuel approximately from 50 to 70 per cent.

For the 1971-1980 period the set tasks were in the main accomplished in the time established in the Comprehensive Programme with the exception of some products. Thus the coordinated proposals on specialization and cooperation in production of powerful marine diesels, automatic couplings for railway rolling stock, large capacity heavy-duty trucks (axle load 10 t), some household machines and devices, were not prepared.

Number of Treaties (Agreements) for the Periods
1971-1975 and 1976-1980

	1971-1975		1976-1980	
	Total	including machine building	Total	including machine building
Multilateral Agreements	27	19	99	74
Bilateral Agreements	72	57	132	98
Including:				
Bulgaria	15	12	25	19
Hungary	16	12	34	23
GDR	18	16	25	22
Poland	12	10	22	18
Romania	2	—	8	4
Czechoslovakia	9	7	18	12
Total multi- and bilateral agreements	99	76	231	172

The majority of agreements on specialization and cooperation in production between the USSR and other CMEA countries, about 75 per cent, embraced the production of a number of branches in mechanical engineering such as the automotive and bearing industry, construction and road building, tractor and agricultural machinery, machine tool, and radio-electronic industry. These branches provide approximately 77 per cent of the total Soviet exports of the specialized machine building products. A few other agreements refer to the products of the chemical, petrochemical, food, pulp-and-paper industries, non-ferrous metallurgy, agriculture.

In 1976-1980 as compared with 1971-1975 the number of agreements on specialization and cooperation in production between the USSR and other CMEA countries increased 2.3 times. The volume of Soviet export of specialized products grew correspondingly 3.4 times and imports 4.2 times.

Volume of Mutual Deliveries of Specialized Products Between the USSR and other CMEA Countries (mln rubles)

Years	Export		Import	
	Total	Including machines and equipment	Total	Including machines and equipment
1971	196.6	196.6	348.6	348.6
1972	311.8	273.3	667.0	571.1
1973	433.9	377.8	934.5	839.4
1974	588.6	507.2	1,141.4	1,005.3
1975	683.4	559.4	1,551.1	1,380.3
1971-1975	2,214.3	1,914.3	4,642.6	4,145.0
1976	1,137.9	938.1	2,834.5	2,374.0
1977	1,388.7	1,125.0	3,384.6	2,843.0
1978	1,568.1	1,281.7	3,814.4	3,227.0
1979	1,627.0	1,277.3	4,144.2	3,577.1
1980	1,868.8	1,432.1	5,141.3	4,445.9
1976-1980	7,590.5	6,054.2	19,319.3	16,467.0

Note: Products of the radio-electronic industry are included into the cost of machines and equipment deliveries.

As seen from the presented data USSR import of specialized products from the CMEA member-countries exceeds export. The urgent task of perfecting the structure of Soviet foreign trade makes the consistent use of international specialization and cooperation in production necessary for raising the share of machines and equipment in the exports of the USSR.

In the case of USSR import exceeding export the economic effect of the agreement on specialization and cooperation in production in general falls. (With the existing stable exchange rate of the transferable ruble, USSR import leads to some lowering of the economic effect as prices on the world market constantly grow and influence price formation in trade between the CMEA member-countries while the wholesale prices in the USSR remain stable for prolonged periods).

The value of the economic effect of the agreement on specialization and cooperation in production as it unfolded in practice in the Soviet Union's relations with these countries does not present itself as the sole or sufficient criterion valid for this or that variant of cooperation in a specific field. The indirect effect which is expressed in the influence on the international socialist division of labour for speeding the introduction of new productive capacities, increasing output and export of products, raising their technical level and quality are also taken into account.

The Soviet ministries-manufacturers of specialized products, called upon to play a leading role in elaboration of agreements usually set in the technical-economic substantiation of the proposed variant of cooperation their considerations on the indirect effect to be achieved. This helps the choice of the best variant.

For the successful development of international specialization and cooperation in production the observation of the conditions of mutual benefit should play an important role. In this connection elaboration of the problems of the formation and dynamics of world prices, the possible ways to improve the price formation system when exchanging specialized and cooperated products between the CMEA members is of practical interest.

The CMEA Executive Committee (98th meeting, January 1981) approved the programme of work on improvement of the price system prepared by the CMEA Standing Commission on Foreign Trade and entrusted the Commission to present a report

on the results of the work done and corresponding proposals in 1983.

With the aim of improving conditions for the international socialist division of labour, it should be possible to develop, within the framework of this programme, such methods of price formation for cooperated production as used in world practice in inter-firm cooperation (mass production and volume deliveries, stable and long-term business ties). These methods would also consider the experience of price application agreed in multilateral procedure and the practice of determining prices for units and components in proportion to the price agreed for the final product.

Over the years which have passed since the adoption of the Comprehensive Programme of socialist economic integration, under the CMEA and bilateral intergovernmental commissions, a number of standard documents which in totality fix the conception of deepening the ties of the USSR with the other CMEA member-countries in the field of scientific and technical cooperation, specialization and cooperation in production for the 1980s were developed and are being improved in the USSR.

Thus bilateral programmes on the development of specialization and cooperation in production up to 1990 worked out with account of the Long-Term Specific Programmes of Cooperation and signed at intergovernmental level were directed at assuring a proportional and balanced development of the national economies of the CMEA member-countries and a rational division of labour between branches of material production, envisage the effective use of existing and the building of new specialized capacities for the output of products to satisfy home demand and export.

In agreement with planning bodies, ministries and departments of the USSR and other CMEA member-countries have elaborated and adopted branch sub-programmes specifying the content and form of specialization and cooperation in production in the interconnected branches of the economy.

Included in the number of priority branches for specialization and cooperation in production in the

1980s are those for the creation of machine and equipment systems reducing manual labour in transport, warehouse and auxiliary operations, machines and equipment complexes for open mining of ore mineral resources and for building trunk pipelines, etc.

The CMEA member-countries and CMEA bodies attach great importance to the expansion of international cooperation in production of units and components as a more progressive form of the international division of labour in comparison with specialized manufacture of finished goods. As an example we can show that the share of units and components in the deliveries of specialized products of the machine-building industry between the USSR and other CMEA member-countries in 1980 constituted 24 per cent of the USSR export and 22 per cent of the USSR import.

Treaties (agreements) on specialization and cooperation in production are in the main realized with favourable results. They concern the achieved degree of satisfying the demands for products of countries which are participants in the cooperation, the assuring increased production concentration, reducing unjustified parallelism in capital investments, cooperating in the elaboration of forecasts, concerns science and technology and development of CMEA standards.

Treaties (agreements) and additions to already concluded agreements adopted and signed by bodies of the Council for Mutual Economic Assistance and bilateral intergovernmental commissions assure satisfaction of the CMEA countries needs for the main types of machines and equipment for the extractive industries, power engineering, the chemical, oil and gas processing industries, agriculture, food and light industries and also those sub-branches of machine building which are the foundation for its qualitative reconstruction. Measures deepening specialization and cooperation in production in automobile construction, agricultural machinery and the production of road-building machines, etc. are already developed.

However, as noted at the 34th CMEA Session, with the present successes and positive results achieved in the course of fulfilling the Comprehensive Programme as a whole, the rate of development of international specialization and cooperation in production within the CMEA countries framework and on a bilateral basis do not yet match the tasks set by the Communist and Workers' Parties of the fraternal countries.

A serious drawback, in particular, is that certain important requirements of standard documents connected with the content and realization of agreements, are in practice often given insufficient attention. This concerns the obligations of one of the sides participating in the specialization to ensure a sequential raising of the technical level, quality and competitiveness of the specialised products, the solving of primary development problems for the cooperative production of units and components, application of penalties for non-fulfilment of obligations by the sides, and so on.

The most careful execution of the initial stage of the preparation of proposals on specialization and cooperation in production has to be acknowledged as one of the main conditions for the successful development of the named forms of cooperation: choice of goods and determination of actual delivery volumes of products on the basis of the substantiative evaluation of export possibilities and import requirements of the sides and economic effectiveness of the agreements being concluded. This approach requires systematic work among specialists in the industrial branches and external trade regarding interpretation of the required standard documents that are of deep political and economic importance for the development of international specialization and cooperation in production in today's conditions.

The 35th CMEA Session (July 1981 in Sofia) considered the course of the realization of the Comprehensive Programme of socialist economic integration and Long-Term Specific Programmes of Cooperation. From the results of the analysis the general opinion was expressed that the named tasks had been successfully accomplished.

The peoples of the countries forming the socialist community relying on the advantages of the socialist system and mutual cooperation under the guidance of their Communist and Workers' Parties in the past ten-year period consolidated the might of world socialism and its position in the international arena. Recent years were not so favourable for the economies of the socialist states but all the same the rates of their economic progress were twice as high as those of the developed capitalist countries. The CMEA member-countries are the most dynamically developing group of countries in the world.

Implementation of the course for the wide expansion of socialist economic integration enabled the CMEA member-countries to exclude the ruinous influence from its economy of the spontaneous aggravations of the world capitalist economy, tone down the impact of the energy and currency crises which struck the capitalist world.

Recently, anti-communist forces, mainly the US, have strengthened the pernicious campaign against the countries forming the socialist community in attempt to weaken it from within. These forces try to use economic relations as a means of political pressure, to encourage elements harmful to socialism, destroy the ties between the CMEA member-countries, especially with the Soviet Union. In this situation consolidation of the comprehensive interaction of the socialist community countries, covering the economic field as well is of great economic and political importance.

Problems of social and economic progress of the CMEA member-countries have to be resolved under more complex conditions as compared with the previous period. In a number of countries the growth of labour reserves lowered somewhat. Fuel and raw material extraction (particularly in the USSR) is moving more and more to remote unexploited regions. Deposits with less favourable mining conditions are now being drawn into the economic turnover.

Highly pressing problems facing the CMEA member-countries are to find new ways and means for intensifying the mutually beneficial cooperation within the CMEA framework, in the first instance because of the closer coordination of national economic plans both multi- and bilateral, accomplishment of new diverse measures for widening and deepening mutually beneficial productive, scientific and technical ties.

Rapprochement of the structures of the CMEA member-countries mechanisms with purpose of creating the optimum conditions for developing their mutual trade and economic relations and direct ties between state bodies, organizations and enterprises has, apparently, a number of aspects needing deep and searching elaboration. One of the immediate tasks here, it seems, is to find ways and means for the study and use of the optimum experience of managing separate links in the economy for introducing general principles of price formation, common standards and norms.

As L.I. Brezhnev stressed in his salutatory address to the participants in the 33rd CMEA Session apropos the thirty-year anniversary of this international economic organization, the main task is to turn the 1980s into a period of intensive industrial and scientific and technical cooperation. The CMEA bodies are called upon to promote a rise of socialist production to the greatest advanced levels of science and technology, to harness the mighty productive forces of the fraternal states to the maximum effect. All this strengthens the base for a rise in the living standards of the peoples of the socialist countries in the ensuing years.

L.I. Brezhnev in the report of the Central Committee of the Communist Party of the Soviet Union to the 26th CPSU Congress said: "Life is setting us the task of supplementing coordination of our plans with coordination of economic policy as a whole. Also being put on the order of the day are such issues as aligning the structures of economic mechanisms, further extending direct ties between ministries, amalgamations and enterprises participating in cooperation, and establishing joint firms. Other ways of combining our efforts and resources are also possible."

* *Documents and Resolutions. The 26th Congress of the Communist Party of the Soviet Union*, Novosti Press Agency Publishing House, Moscow, 1981, p. 12.

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[Article by Albert Belichenko, president of the board, International Investment Bank]

[Text]

Socialist economic integration assures the greatest effective use of the socialist countries' resources, faster introduction of the achievements of the scientific and technical revolution, and actively assists the CMEA nations' standards of economic growth to gradually get closer and level off.

The results of the Comprehensive Programme for the Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration of the CMEA Member-Countries approved by the 25th CMEA Session in July 1971 prove that the line for more intensive mutual cooperation agreed-upon by their Communist and Workers' Parties is correct.

Over the past ten years the CMEA nations have made significant progress in their industrial, economic, scientific and technical development. The rates of growth of their industrial production and national income almost doubled those of the industrial capitalist countries. In 1971-1980 the CMEA nations' gross industrial output increased 84 per cent. As compared to 1970 national income in 1980 rose 66 per cent and capital investments 72 per cent. About three-fourths of all resources were diverted for the extension, reconstruction and modernization of enterprises in the material sphere of production.

Their successes in fulfilling national economic plans stand in striking contrast to the recessions, mounting inflation, energy crisis and other negative processes in the capitalist world.

In 1980 the CMEA nations in the main completed the coordination of their national economic plans for 1981-1985, and drafted a Coordinated Plan for Multilateral Integration Measures for the current five-year period which the 35th CMEA Session approved.

The decisions of the 26th Congress of the Communist Party of the Soviet Union and those of the recent congresses of the Communist and Workers' Parties of other fraternal countries are designed to further socialist economic integration based on the Comprehensive Programme, the Long-Term Specific Programmes of Cooperation, and the multilateral and bilateral long-term agreements on specialized and cooperated manufacture which are

oriented to help solve major problems of economic development.

The CMEA nations' objective is to turn the two forthcoming five-year-plan periods into a period of active production, scientific and technical cooperation.

The member-countries' monetary, financial and crediting relations constitute an important factor conducive to their planned national economic growth and cooperation.

International socialist crediting plays an important part in accelerating the integration process. A system of medium and long-term crediting set up to service the Comprehensive Programme is making good headway.

The International Investment Bank, banking institution of the socialist countries, was established to coordinate the member-countries' investment policies so as to provide bigger concentration of material and financial resources for capital construction and use them more effectively in the common interests of the Bank members.

In January 1981 the Bank embarked upon the second decade of its activities.

The Bank was needed to cope with a qualitatively new stage in the CMEA member-countries cooperation, to wit, the commencement of socialist economic integration through extended cooperation in the material sphere based on coordinated planning and larger specialized and cooperated production.

Before the International Investment Bank was founded the socialist countries had granted each other long-term purpose-oriented credits on a bilateral basis. Lack of a uniform system of long-term crediting which could take care of the expanding international specialized and cooperated manufacture in the CMEA nations hampered coordinated investment efforts.

Systematized medium-and long-term crediting in transferable rubles through the International Investment Bank meant wider use of the international socialist collective currency (the transferable ruble). With the establishment of the Bank the transferable ruble's role heightened still further as medium- and long-term credits are mostly provided in this

currency. Before the International Investment Bank was formed, short-term credits in transferable rubles had been within the terms of reference of the International Bank for Economic Cooperation.

The principal function of the International Investment Bank is to provide long-term (up to 15 years) and medium-term (up to five years) credits for undertakings related, in the first place, to extending the international socialist division of labour, specialized and cooperated manufacture, expanding in common interests raw materials and fuel potentials and constructing economic projects of mutual interest and enterprises important to developing the national economies of the Bank member-countries.

Fulfilling its main function the Bank endeavours to accelerate the growth of productive forces and raise the scientific and technical standards of manufacture and products, as well as the effectiveness of the member-nations' social production.

The Bank's activities are organically linked in with a system of measures boosting socialist economic integration which will gradually raise and bring the member-countries' standards of economic development to the same level. The need to put credits to the most effective use to meet this challenge is always uppermost.

The Bank's profits are distributed as follows (by decision of the Council): a part of them is put aside for reserve capital, specialised funds and other purposes, and the remainder passed to the member-countries as dividends in proportion to their contributions to the foundation capital.

In the ten years of its operation the Bank has granted credits for the streamlining, extension and construction of 76 projects whose estimated cost exceeds 9,000 million transferable rubles. The Bank's credits cover almost 38 per cent of the cost. The total sum of credits extended by the Bank to its member-countries, to Yugoslavia and the international economic association Interatominstrument came to 3 400 million transferable rubles.

In the 1976-1980 period the credits in transferable rubles and convertible currencies exceeded the level of the previous five years 3.6 times amounting to 2,600 million rubles at the end of 1980.

The IIB takes measures to execute planned development of the transferable rubles operations. Their relative share in the Bank's total credits increases from year to year.

The Bank has credited the expansion of the member-countries' fuel and energy industries, steel, non-ferrous metals, chemical, mechanical engineering, electrical, electronics and other industries which underlie the economic potential and scientific and technical progress of the mentioned nations.

Fourty-seven Bank-credited projects have been completed, extended or streamlined. Their annual output is worth 2,100 million transferable rubles. All in all, they have exported to the CMEA nations over 8,000 million transferable rubles' worth of goods.

The Bank-credited enterprises produce highly efficient grain harvesters, presses, railway cars, electrical and electronics products, isoprene rubber, textiles, and other products to meet Bank members' requirements. They have exported to the CMEA nations the following amounts of individual commodities: over 100,000 trucks and buses; over 28,000 railway cars, presses and other forming equipment worth a sum of 300 million transferable rubles; farm and processing machines worth 1,200 million transferable rubles; and textiles to an amount of 226 million rubles.

So, credits extended by the Bank help increase production and mutual trade between the Bank members and also commerce with other countries.

The largest undertaking credited by the Bank in 1975-1979 was the development of the Orenburg gas condensate deposit and the construction of a 2,750-km-long gas pipeline from it to the Soviet western border. This unique gas pipeline, called Soyuz, went into operation ahead of schedule. Deliveries of natural gas to the countries participating in the project began in 1979.

IIB's credits played a major part in financing the construction of this gas complex. They paid for the participating countries' imported purchases.

The Bank intends to use its experience from crediting the Soyuz pipeline in its further activities on new large-scale integration projects.

Among other projects credited by the Bank the following may be mentioned:

Bulgaria: construction of the Sofia-Varna, Sofia-Burgas and Varna-Burgas motorways envisaged in the long-term specific programme of cooperation for developing CMEA nations' transport services and designed for speeding and increasing passenger and freight traffic through Bulgaria;

Hungary: extension of the transshipment railway station in Záhony which handles the bulk of Soviet-Hungarian freight traffic and transit freightage between the Soviet Union and other European CMEA countries; and electrification of the Cegléd-Kiskunhalas railway line and its equipping with automated and communication facilities;

The German Democratic Republic: reconstruction and extension of the Umformtechnik mechanical works in the city of Erfurt. The enterprise is the largest producer of high productivity presses and production lines for moulding metals and plastics. Its machines and equipment are used in the auto, tractor, electrical and farm machinery industries;

Presses and forming equipment with the Umformtechnik trade-mark are used by the KamAZ and ZIL motor plants in the Soviet Union and the Skoda and Tatra factories in Czechoslovakia, the Ikarus bus works in Hungary, the Fiat works in Poland and the Dacia enterprises in Romania;

Cuba: construction of three sugar refineries as part of Cuba's effort for the comprehensive development of sugar production under the Long-Term Specific Programme of CMEA Member Countries' Cooperation in Agriculture and Food Industry;

Mongolia: construction (completed) of a 6,000 tons per annum wool-washing factory in Ulan Bator; over 60 per cent of its product is annually exported to CMEA countries;

Poland: construction (completed) of the Polmo plant in the city of Praszka with high efficiency equipment and modern technology (purchased with the help of IIB's credit) for the manufacture of devices and brake controls. More than half of the plant's products is exported to socialist and other countries;

Romania: extension and streamlining (completed) of railway car producing plants in the cities of Arad and Caracal; a considerable part of the products is diverted for export to the CMEA nations;

the Soviet Union: construction (in progress) of a mining and metallurgical enterprise and a special technological equipment manufacturing plant in the city of Novovolynsk (high efficiency machines and automatic lines for the manufacture of electric motors and low-voltage equipment);

— Czechoslovakia: modernization and extension (in progress) of the Tatra truck plant to more than double its output. After the main facilities are constructed in 1982 it will produce up to 15,000 trucks per annum, half of which is for export to the Bank's member-countries.

In granting credits the Bank gives priority to integration projects. Over 80 per cent of the Bank-credited enterprises are built or reconstructed on the basis of multilateral and bilateral agreements between the CMEA countries on specialized and co-operated manufacture. High efficiency and usefulness of the credited projects are important conditions for getting them financed.

Methodical Instructions have been formulated for determining the economic effectiveness of capital investments credited by the IIB. They are based on the economic efficiency criteria of the Bank's Charter. These include the following: projects to be constructed must meet the highest scientific and technical standards; maximum repayment deadlines for a given industry have to be observed; unit production costs should be the minimum and the quality and prices of products should be competitive on the world market and meet world standards; the required raw materials base and sales market must be available; reasonable construction time and also other economic, financial and banking factors as determined by the Bank Council depending on the nature and purpose of the capital investment.

The Bank gives priority to the reconstruction, extension and retooling of operating enterprises so as to increase production with the least expenditure and in the shortest possible time. Almost 60 per cent of the Bank's total credits have been allocated to the modernization of operating enterprises.

Projects credited by the Bank are characterized by a high level of automation and mechanization, shortest possible repayment times and sound production organization.

The twenty-eighth meeting of the Bank Council in April 1981 accepted the following new projects for crediting:

extension and modernization of the 7th October machine-tool plant in Berlin (GDR) envisaged in the Long-Term Specific Programme of Cooperation in Engineering, and multilateral and bilateral agree-

ments between the CMEA countries on deliveries from the GDR. In the current five-year-plan period the plant's output of grinding machines, turning lathes and other machine tools is expected to go up more than 50 per cent;

extension of the Werner Lamberz complex in Leipzig (GDR) which in the next five years is to increase its deliveries of sheet off-set printing presses to the Bank's member-countries (where the machine is in high demand) more than fivefold;

construction of a CD antioxidant producing plant at the chemical complex in the city of Duslo Sala (Czechoslovakia) to meet the Bank member-countries' requirements in this product which is a major component in rubber products; specifically, it is extensively used in making tyres, conveyor belts and hoses.

The construction of this plant is envisaged in the General Agreement on Specialization and Cooperation in the Production of Intensive and Less Energy Intensive Chemicals and in the Long-Term Specific Programme of Cooperation in Energy, Fuels and Raw Materials. As the result, imports of this product from capitalist countries will be substantially reduced.

The IIB Board has decided to grant another (second) credit to the Ikarus bus factory to increase its production and improve quality. The manufacture of the buses is based on a broad international socialist division of labour: components are imported from Bulgaria, the GDR, Poland and the Soviet Union.

Due to new investments and the Bank's credits the Ikarus plant's exports to the Bank member-countries will increase by 21 per cent in 1984 with a 10 per cent rise in the total volume of production. A new series of standardized designed buses making their many parts and assemblies as interchangeable as possible will be developed in cooperation with the Soviet Union.

Prompt and efficient solution of many important problems in the Bank's activities is assured by its fruitful cooperation with authorized and national banks, borrowers, and planning and foreign trade agencies of the member-countries.

Ever since its crediting activities started the IIB has been closely cooperating with the International Bank for Economic Cooperation (IBEC). Both banks maintain business relations on financial

and crediting matters and, when necessary, coordinate their activities. The IIB deposits all its free resources in transferable rubles with the IBEC, effecting all its crediting operations in this currency through it. Each bank has its own functions which enable both of them to cooperate in banking operations of mutual interest.

IBEC's experience went into the founding of the IIB. Both banks have the same aim—to develop the CMEA nations' cooperation and extend socialist economic integration which warrants close business connections between the two banks.

In accordance with the Protocol on the character and forms of cooperation between the IIB and CMEA the Bank cooperates and maintains business contacts with CMEA bodies on problems of interest for the practical activities of the Bank related, in the first place, to capital investments in the member-countries, the international socialist division of labour and specialized and cooperated manufacture.

To identify possible projects for crediting in the next-five-year-plan period the Bank took part in the CMEA countries' efforts to coordinate their national economic plans for 1981-1985 in compliance with the procedure of IIB's participation in the coordination of CMEA member countries' economic plans for 1981-1985 approved by the Bank's Council.

The Bank extensively cooperates with CMEA agencies, IBEC, planning, financial and foreign trade bodies of the IIB member-countries in order to raise the effectiveness of the crediting system, strengthen the role of the collective currency (transferable ruble) and extend its range of application.

Good progress has been achieved in the Bank's cooperation with the International Institute of Economic Problems of the World Socialist System, specifically, concerning capital investments in production specialization and cooperation.

Business contacts are developing with the International Research Institute occupied with management problems, and with international economic organizations on matters of mutual interest. Agreements have been signed on cooperation between the Bank, on the one hand, and the international economic organizations Intertextilmash and Interelectro, on the other.

The Bank has established contacts on an equitable footing with international monetary and financial organizations, specifically, the African,

Asian, Inter-American and Caribbean Banks of Development, and large banks in industrial capitalist countries and in developing nations. At present it deals and cooperates with more than 300 banks throughout the world on a mutually beneficial basis.

The Bank has accomplished a series of large-sized, mutually profitable crediting transactions with a number of West German, Japanese, Canadian, British and US banks.

The long-term specific programmes of cooperation in energy, fuels and raw materials; mechanical engineering; the food industry and agriculture; transport, and consumer goods formulated in accordance with the congresses of Communist and Workers' Parties and approved by the CMEA Sessions in 1978-1979 formulated the CMEA countries' coordinated strategy of cooperation in the major spheres of material production. These programmes are being translated into reality. Some 120 multilateral and over 1,000 bilateral agreements have been concluded by the CMEA countries.

The CMEA nations' widening cooperation, including that in the field of capital investments, opens up further prospects for the expansion of the Bank's crediting activities.

The results of its activities in the past decade indicate that the Bank has contributed importantly to the CMEA nations' cooperation in the financial investment sphere.

Further crediting activities of the Bank are largely contingent on improved planning and credit used by its member-countries, the supply of credited projects with the required machinery, equipment and materials, more intimate linkage of the Bank's activities with the CMEA nations' economic plans coordinative effort, and extended multilateral foreign economic relations between the Bank member-countries.

The main objective of the Bank is to develop crediting in transferable rubles. This can be achieved only if the Bank's credits in this currency are covered by commodity supplies through planwise deliveries of equipment and materials for the credited projects by the member-countries paid in transferable rubles through the Bank's credit accounting system.

The 99th meeting of the CMEA Executive Committee (May 1981) approved the procedure of meeting the member-countries' applications for deliveries of machines, equipment and materials for specialized and cooperated projects accepted by the Bank for crediting, and of spending the sums in transferable rubles received by suppliers for the credited goods.

The meeting requested the CMEA member-countries while they are in the process of coordinating their national economic plans to draft proposals on possible projects to be credited in the coming five-year period and submit this information to the IIB; also, to define and coordinate the deliveries of machines, equipment and materials for the IIB-credited projects and include them in the supplements to long-term agreements and annual protocols on trade turnover, and also incorporate in the CMEA countries' state plans of social and economic development the IIB's credits granted in transferable rubles and the deliveries of goods for the credited projects.

Compliance with the CMEA Executive Council's decision of CMEA member-countries and the IIB will help ensure commodity coverage of the Bank's credits and the spending of the suppliers' returns in transferable rubles from the credited goods.

The current five-year-plan period will witness the growing role and significance of the IIB's activities in fulfilling the Comprehensive Programme for the Further Extension and Improvement of Cooperation and the Development of Socialist Economic Integration and the long-term specific programmes of cooperation. The Bank's active crediting of capital investments will contribute to the might of the socialist community of nations and the economic growth of the Bank's member-countries.

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TRADE WITH INDUSTRIALIZED COUNTRIES

SOVIET, AUSTRIAN OFFICIALS DISCUSS TRADE

Soviet Ambassador to Austria

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 1

[Statement by Mikhail Yefremov, USSR ambassador extraordinary and plenipotentiary to Austria]

[Text] The initiative by the Austrian Press Documentation Center, EKONOMICHESKAYA GAZETA and the All-Union "Vneshtorgreklama" Association in jointly publishing materials on Soviet-Austrian economic ties is very useful. Relations between the USSR and Austria, based on the 1955 state agreement and Austria's declared status of permanent neutrality, are being successfully developed and hold good promise.

Soviet people are naturally increasingly interested in a friendly Austrian Republic, in its opportunities and in further deepening ties with the USSR in the areas of industry, science and engineering. This publication will help them become more familiar with what has already been achieved in our mutual relations and with future prospects being opened up for both countries.

As is known, the meetings and conversations between USSR Supreme Soviet Presidium Chairman and CPSU Central Committee General Secretary L. I. Brezhnev and Federal Chancellor B. Kreisky in Moscow in February 1978 and between Chairman Brezhnev, Federal President R. Kirchschräger and Chancellor B. Kreisky in Vienna in June 1979 provided new impetus to enriching bilateral relations and strengthening mutual understanding and trust between the USSR and Austria.

USSR Council of Ministers Chairman N. A. Tikhonov's April 1981 visit to Austria was of important significance to further increasing mutual ties and improving their effectiveness. The Soviet and Austrian sides are working actively on implementing the agreements and understandings reached during the course of that visit. The planned mid-September meeting of the Joint Soviet-Austrian Commission on Economic, Scientific and Technical Cooperation will be devoted to developing concrete plans on this score. A symposium on questions of Soviet-Austrian economic ties will also be held in Moscow with the participation of the Austrian Federal Chamber of Commerce.

The 26th CPSU Congress, which gave a highly positive evaluation to relations between the USSR and neutral Austria, put forward large tasks in further developing economic, scientific and technical ties with those foreign countries displaying an interest in this.

I should like to hope that the many-sided Soviet-Austrian cooperation achieved through both our efforts will continue to be improved and deepened for the good of both countries and their peoples.

Austrian Temporary Chargé d'Affaires

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 1

[Statement by Walter Siegl, counsellor-envoy and temporary Austrian chargé d'affaires to the USSR]

[Text] I am sincerely happy with EKONOMICHESKAYA GAZETA's initiative in familiarizing the Soviet reader, in the country's leading economic publication, with Austria and the Austrian economy. This is doubtless an expression of the heightened interest characterizing mutual relations between Austria and the Soviet Union as trading partners. In particular, the search for further expansion of trade and new forms of cooperation between our countries intensified appreciably after Federal Chancellor B. Kreisky's visit to Moscow in February 1978 and USSR Council of Ministers Chairman N. A. Tikhonov's visit to Austria in April of this year. This is also testified to by the scientific-technical symposium being held this fall in Moscow by the Austrian Federal Chamber of Commerce.

Expansion of economic cooperation, as well as cooperation in the area of culture and in other areas, is proceeding on a sound basis created by the political relations between our states, beginning with the concluding of the state agreement and Austria's assuming a status of permanent neutrality. Relations between our countries are based on mutual trust and are constantly being strengthened.

The Austrian Republic pursues a policy of neutrality permitting it to contribute actively to solving the complex problems of our time, foremost those of ensuring peace. Austria therefore attaches important significance to continuing the process symbolized by the Helsinki Conference on Security and Cooperation in Europe and favors holding a conference to discuss the military aspects of security in Europe.

Regarding adjusting relations between the industrially developed and less developed countries, Austria tries to establish a real dialogue in which all states participate.

On the occasion of the publication of the EKONOMICHESKAYA GAZETA supplement devoted to Austria, I express my hope that a broader awareness of Austria in the USSR will lead to further deepening of the good relations between our states.

Development Program With Austria .

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 1

[Article by Josef Staribacher, Federal Minister for Trade, Commerce and Industry]

[Text] Friendly cooperation between the USSR and Austria finds special expression in successfully developing economic relations advantageous to both countries. On 19 January of this year, it was my privilege to sign, in the name of the Austrian government, a Long Term Program of Developing and Deepening Economic, Scientific, Technical and Industrial Cooperation Between the Austrian Republic and the USSR for 1981-1990

in Moscow, together with USSR First Deputy Minister of Foreign Trade N. D. Komarov. The 10-year program of 3 July 1974 in effect prior to that was carried out ahead of schedule, emphasizing that the cooperation is developing well.

Foreign trade, as the most important area of economic cooperation, reached a total turnover of 19.5 billion schillings in 1980, as compared with 4.2 billion schillings in 1970. The USSR is thus Austria's fifth largest trading partner in terms of turnover. In recent years, imports from the USSR have grown faster than Austrian exports to the USSR.

In this connection, the Austrian government has set itself the goal of facilitating commodity exchange with the USSR on a mutually advantageous basis, especially regarding the commodities structure. We therefore especially welcomed the concluding of contracts for delivering 10 ships made by the Oesterreichische Schiffswerften A. G. Linz-Kornöburg Company, for delivering equipment to manufacture glasses rims, for papermaking machines, and a contract with Voest-Alpine to deliver 14 billion schillings worth of oilfield pipe.

Many years of experience by both countries in commodity exchange and the confidence gathered during those years that contracts will be carried out help further develop trade relations. Its politically neutral position enables Austria to offer its services as an intermediary between the Soviet economy and the industrially developed countries of Western Europe, in which role it has achieved good success.

In the area of bilateral commodity exchange, Austria tries to expand its exports of products at a high technological level, as well as of consumer goods, pointing out in this regard its ability to respond quickly to market changes and the reliability of its production enterprises.

Austria is especially interested in participation by Austrian industry in the plan for building the Western Siberia - Western Europe gas pipeline. This is already being discussed by Austrian and Soviet organizations, inasmuch as this gas pipeline is of important significance to Austria's energy supply.

The 1968 Agreement on Economic, Scientific and Technical Cooperation anticipates institution of a Joint Commission; that commission will hold its 13th session in Moscow in September 1981. This Austrian-Soviet Joint Commission, of which I have been a part for 10 years now as head of the Austrian delegation and whose work I consider very valuable, has successfully coped with its tasks of exchanging information on trade and cooperation possibilities and developing recommendations on steps aimed at broadening cooperation to the benefit of both parties.

The "Moscow-81 Scientific-Technical Week" to be held on 16-25 September will familiarize visitors with modern Austrian industrial equipment and will facilitate the efforts by the Austrian government to establish fruitful new contacts with the USSR.

USSR Minister of Foreign Trade

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 1

[Article by USSR Minister of Foreign Trade Nikolay Patolichev]

[Text] L. I. Brezhnev, CPSU Central Committee General Secretary and USSR Supreme Soviet Presidium Chairman, stated in the Accountability Report to the 26th CPSU Congress

that "life demands fruitful cooperation among all states in the name of resolving the peaceful constructive tasks facing each people and all mankind."

Austria occupies an important place in the Soviet Union's trade and economic relations with Western countries.

The Long-Term Program for Developing and Deepening Economic, Scientific, Technical and Industrial Cooperation Between the USSR and Austria which was signed in January of this year has opened up new prospects for and ways of developing economic relations between our countries in the current decade. The Joint Soviet-Austrian Commission on Economic, Scientific and Technical Cooperation has determined the basic directions for developing economic cooperation between both countries up to 1983 and, in so doing, has laid the foundation for implementing the provisions of the Long-Term Program, as well as agreements in the area of economic cooperation reached in the course of talks between USSR Council of Ministers Chairman N. A. Tikhonov and Austrian Federal Chancellor B. Kreisky in April of this year in Vienna.

In our opinion, the importance of this Program is that it anticipates steps aimed at seeking out new ways and forms of economic cooperation. The reference is foremost to production cooperation, compensatory agreements and the installation of industrial projects in the USSR, Austria and other countries.

Economic agreements concluded between the USSR and Austria in recent years are being successfully carried out. Trade turnover between our countries has doubled over the last five years. In 1980, reciprocal trade volume reached 976 million rubles, exceeding the previous year's level by 20 percent, with increases in both exports and imports.

Upwards of 80 percent of Soviet exports to Austria in 1980 were accounted for by energy raw material. Other important export items are iron ore, pig iron, ferroalloys, chemicals, commercial wood, cellulose, cotton, vehicles and machine tools.

Rolled ferrous metals and pipe, machinery, equipment, means of transport, manufactured consumer goods and chemical products account for the bulk of Soviet import purchases from Austria.

Speaking of developing trade this year, I should like to note that orders have already been placed for exports and imports totalling upwards of a billion rubles, exceeding 1980 trade turnover volume between our countries.

In the area of trade and economic relations, the most important task of both countries is to implement the economic agreements and Long-Term Cooperation Program, to actualize available opportunities for further developing and deepening economic cooperation and broadening the range of organizations and companies of both countries participating in this cooperation.

We are confident that the 13th Session of the Joint Soviet-Austrian Commission on Economic, Scientific and Technical Cooperation will contribute to resolving this most important task.

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 2

[Article by Rudolph Sallinger, President of the Austrian Federal Chamber of Commerce]

[Text] The agreement signed in October 1955 on trade and ship-building between Austria and the Soviet Union created the legal basis for broadening reciprocal trade turnover. The development of Austrian-Soviet economic ties in the 25 years since has testified to the fact that this agreement consisted of more than just words.

Recent events have repeatedly demonstrated that Austrian-USSR economic cooperation stands on a sound foundation. During the first five months of 1981, foreign trade volume had increased more than 50 percent as compared with 1980. Bilateral activity in the area of economic ties is also at a peak. In January 1981, a program important to the decade ahead was signed, the "Long-Term Program for Developing and Deepening Economic, Scientific, Technical and Industrial Cooperation Between Austria and the USSR in 1981-1990," which anticipates broad opportunities for developing cooperation and deliveries of goods.

Another important step was the visit by USSR Council of Ministers Chairman N. Tikhonov to Austria this spring, during which a whole series of economic questions were examined. During a conversation with USSR Council of Ministers Chairman Tikhonov, I personally was convinced that the Soviet Union intends to cooperate closely and intensively with Austria in the economic area as well.

Austrian businessmen and their association, the Federal Chamber of Commerce of Austria, arrange lively trips by Austrian businessmen to the Soviet Union. Moreover, informational activity on the Soviet market has been considerably expanded in recent years. The Chamber carries out its activity foremost through its representatives in Moscow, as a contact organization for all Austrian companies and also for all Soviet foreign trade organizations and ministries cooperating with Austrian companies. Besides this, with the assistance of its Institute of Economic Assistance, the Chamber has succeeded in increasing the participation by Austrian companies in exhibits held in the USSR.

At least three times a year, Austria holds collective expositions at international exhibits arranged in the USSR.

A review of the past 12 months shows that collective expositions were held at the "Zdravookhraneniye-80" and "Elektrotekhnologiya-80" exhibits in the second half of 1980 and that we participated in the "Sharikopodshipniki" exhibit in the first half of 1981. This fall, we plan to organize an exhibit of books and to participate in an international communications equipment exhibit.

The Chamber of Commerce activity in the USSR in 1981 will be at its maximum at the Moscow scientific-technical symposium and exhibit to be held on 16-25 September in a pavilion at the first exhibit site in Krasnaya Presnya. Soviet specialists will be able to hear more than 120 reports by about 60 Austrian companies on the general topic "Modern Austrian Industrial Equipment" and then discuss special questions with the companies represented at the exhibit, which will occupy about 2,000 square meters.

The very fact that the Federal Chamber of Commerce has decided to hold a scientific-technical week in Moscow indicates what we consider to be a promising area for further

cooperation with the USSR; we think broad opportunities for cooperation among engineers of our two countries should be made available in the current decade.

Exports in both directions must flow not just from contracts concluded by businessmen, but foremost from technical talks between engineers and scientists of both countries.

The fact that our economic relations have developed well in past decades does not entitle us to sit idly by, but rather should be an incentive to make continued effective mutual efforts, whose implementation I vouch for in the name of Austrian industry.

Austrian Embassy Trade Counsellor

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 3

[Article by Friedrich Drashchyk, trade counsellor, Austrian Embassy to the USSR]

[Text] The Long-Term Program for Developing and Deepening Economic, Scientific, Technical and Industrial Cooperation Between the Austrian Republic and the Union of Soviet Socialist Republics in 1981-1990 signed at the governmental level in Moscow in January 1981 should be considered the high point of the joint efforts made thus far.

With a view towards refining and broadly implementing this 10-year program, the Austrian and Soviet parties have in recent months worked out a catalog of measures for 1981-1990 in which the most important economic tasks of both countries have been coordinated. The program of measures for [the first] three years includes both the development of the traditional trade in goods and also commodity exchange on a compensatory basis, which applies foremost to deliveries of complete Austrian industrial facilities and machinery, against a reciprocal obligation to supply products manufactured with that equipment. This refers first of all to deliveries of Austrian equipment for extracting and transporting petroleum and gas, against compensation in the form of gas deliveries. The catalog of measures anticipates continued development of the production cooperation already in place in many fields and based on more than 20 agreements. Steps have also been outlined for planning and installing industrial railway projects in Austria and the USSR, as well as in third countries.

The highest expression of good-neighborly, friendly relations between the Austrian Republic and the Soviet Union has been the official visit to Austria by USSR Council of Ministers Chairman N. A. Tikhonov in April of 1981, in the course of which, as we know, talks were held on a whole series of top-level economic questions.

In June 1981, an Austrian Federal Chamber of Commerce delegation held further talks in Moscow on implementing the Long-Term Program. In this regard, particular attention was paid to efforts aimed at seeking out ways of eliminating Austria's negative foreign trade balance.

Trade turnover, which continues to be the most important factor, in cost terms, in reciprocal economic ties, was marked by significant expansion in the 1970's. According to both Soviet and Austrian statistics, trade volume between both countries reached nearly 20 billion Austrian schillings in 1980, nearly one billion rubles; in 1981, we anticipate a 30- to 50-percent growth.

The USSR is Austria's biggest partner among CEMA member-nations in terms of trade, with Austrian exports to the USSR comprising 2.8 percent of total Austrian exports and imports from the Soviet Union comprising 4.2 percent of all Austrian imports.

Quite understandably, Austria is not satisfied with the export-import imbalance (2:3) which has existed for the last two years and hopes to achieve better balance in the near future, especially thanks to its offering more machinery and installations with the "Made In Austria" label.

The trade turnover results for the first half of 1981 are gratifying, showing considerable increases for both imports and exports. According to Austrian statistics, Austrian deliveries increased 48 percent and purchases of goods from the USSR increased 65 percent during this period.

Energy carriers, particularly natural gas and petroleum (totalling 86 percent), dominated in Austrian imports from the USSR in 1980. Raw material (the bulk of it ore, scrap metal, yarn, paper raw material and wood) accounted for another 8.5 percent of Soviet deliveries. The remaining six percent was purchases of chemicals, "worked goods" (primarily pig iron, nonferrous metals, paper and textiles), products of machine building and industry producing means of transport, the bulk of it Soviet automobiles, which are very popular in Austria.

Seventy percent of Austrian deliveries were rolled metal, machinery and ships. With the increasing involvement of Austrian steel industry in deliveries of oil drilling pipe, cold- and hot-rolled steel sheet to the USSR (in part to produce pipe and in part for Soviet automotive industry), the share of semifinished products has increased and has influenced a significant change in the structure of exports to the USSR. In addition to steel pipe and sheet, which already totalled 2.5 billion schillings in 1980, we also exported to the USSR nonferrous metals, various metal products, textile materials, paper, cardboard, mineral products, rubber and other goods.

In this regard, the share of Austrian exports of machinery and means of transport dropped somewhat in 1980, to about 23 percent of Austrian deliveries, or nearly 1.5 billion schillings. In addition to various industrial machinery (foremost machine tools, equipment for chemical industry, equipment for working plastics, office machines and communications devices), this also relates to river ships, passenger and cargo vessels, which are built at Austrian shipyards on the Danube for the Soviet river fleet.

Approximately 10 percent of Austrian deliveries is accounted for by consumer goods, primarily footwear and clothing, and another 10 percent is products of chemical industry, primarily organic chemicals, dyes, tanning agents, plastics, aromatics and pharmaceuticals. About five percent was deliveries of Austrian foodstuffs last year. The remainder is accounted for by deliveries of raw material, including yarn.

While Austrian deliveries in the steel sector representing graded rolled metal, sheet and pipe will probably be 4-5 billion Austrian schillings per year in the years ahead (that is, about 200-250 million rubles), Austrian machine builders are also counting, based on USSR capital investment plans, on improved marketing opportunities, including through deliveries for the new gas pipeline, as well as deliveries of equipment for mining industry, including petroleum and gas extraction installations, metallurgical installations, equipment for chemical industry, electric power plant components, machine tools with electronic controls, installations to produce building materials

and work wood, deliveries of production installations for consumer goods, such as equipment for processing fruit, milk and meat, and also deliveries of machinery for textile and footwear industry, and, finally, continued USSR orders for ships.

Chamber of Commerce Policy Chief

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 special insert, p 5

[Article by Friedrich Gleissner, Austrian Federal Chamber of Commerce trade policy department head]

[Text] Over the past decade, foreign trade volume between the Union of Soviet Socialist Republics and the Austrian Republic has increased four-fold. This increase considerably exceeds the rate of increment in all Austrian foreign trade, which increased an average of 2.5-fold.

Numerous agreements regulating trade turnover and calculations, as well as economic, scientific and technical cooperation, have created a solid basis for developing both traditional forms of trade and more complex forms such as technology transfer, enterprise cooperation and joint plans for third-country markets.

Along with constant personal contact and personal acquaintance with individuals responsible for economic activity, the development of all these forms is supported by the work of a whole series of bilateral commissions and working groups, as well as by private visits by qualified people of both countries.

In spite of these positive results of bilateral economic and trade relations and their development over the last 10 years, much still remains to be done for mutually successful growth in the new decade and to resolve the questions posed by life itself.

Beginning in the 1970's and continuing to the present, the ratio of Austrian imports to exports has remained practically unchanged, at 58:42. During this same period, the ratio in trade with the USSR has changed from 55:45 to 68:32, meaning that Soviet deliveries have increased five-fold and our exports have increased less than three-fold. In this regard, our foreign trade deficit has increased from 440 million Austrian schillings in 1972 to seven billion schillings in 1980. Over the past two years, the structure of our exports has also deteriorated significantly. (Reduced share of equipment and means of transport, from 47.2 percent in 1972 to 22.6 percent in 1980 and 11.6 percent in the first five months of this year.)

On the whole, and in trade with the USSR in particular, we hold the opinion that such problems should not be solved by restricting import opportunities. We are rather trying to increase exports to the USSR, for which purpose the Austrian Federal Chamber of Commerce will be increasing its efforts to support Austrian companies wishing to move into the Soviet market.

Sixty Austrian export enterprises will present their modern products and technology in 120 reports at a special exhibit as part of a scientific-technical symposium in Moscow. In 1982, we anticipate the participation of Austrian companies, using collective expositions, in international exhibits in the USSR devoted to the production of industrial equipment, electronics, chemistry and other branches of industry. Moreover, the Federal Chamber will be helping organize private meetings between qualified representatives of both countries, following the example of the last visit by Austrian

Federal Chamber of Commerce President Sallinger or setting up contacts during annual Chamber committee meetings to set up contacts so as to strengthen prospects for foreign trade between the USSR and Austria.

In this regard, the Long-Term Program for Developing and Deepening Economic, Scientific, Technical and Production Cooperation in 1981-1990 signed early this year will be of considerable help.

Setting goals this way, which is supported by both partners, will ensure the successful and mutually advantageous development of foreign trade between our countries in the 1980's.

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CSO: 1825/11

TRADE WITH INDUSTRIALIZED COUNTRIES

SOVIET-JAPANESE TRADE AGREEMENT, GOODS COVERED

Moscow FOREIGN TRADE in English No 11, Nov 81 pp 52-54

[Text]

The Government of the Union of Soviet Socialist Republics and the Government of Japan, recognizing that trade relations between the two countries have developed considerably over the past years and desirous of their further expansion on principles of equality and mutual benefits, and on a stable and long-term basis, have agreed as follows:

Article 1

The Government of the Union of Soviet Socialist Republics shall agree to permit the export to Japan, and the Government of Japan shall agree to permit the import from the Union of Soviet Socialist Republics during the period from January 1, 1981, to December 31, 1985, of the goods indicated in List I attached to this Agreement.

The Government of Japan shall agree to permit the export to the Union of Soviet Socialist Republics, and the Government of the Union of Soviet Socialist Republics shall agree to permit the import from Japan during the above-mentioned period of the goods indicated in List II attached to this Agreement.

Article 2

Nothing in this Agreement shall restrict Soviet foreign trade organizations and Japanese juridical and physical persons in trading, subject to the laws, rules and regulations which are or will hereafter be in force in both countries with respect to export, import and foreign exchange control,

in goods not included in Lists I and II attached to this Agreement.

In this connexion the competent authorities of the two Governments shall favourably treat the matters of issuing licences for the importation and exportation of such goods.

Article 3

Licences for the export and import of goods provided for in Article 1, shall be issued in accordance with the laws, rules and regulations which are or will hereafter be in force in each of the two countries with respect to export, import and foreign exchange control, and on the basis of contracts to be concluded between Soviet foreign trade organisations, on the one hand, and Japanese juridical and physical persons, on the other.

Article 4

All payments between the Union of Soviet Socialist Republics and Japan shall be effected in convertible currencies in accordance with the laws, rules and regulations which are or will hereafter be in force with respect to foreign exchange control in each of the two countries.

Article 5

The two Governments shall take all measures within their auspices in order to facilitate the carriage of goods to be purchased and sold under contracts to be concluded on the basis of this Agreement:

Article 6

The two Governments shall encourage by every possible means the use of arbitration bodies in both countries for the settlement of disputes arising out of or in connexion with the contracts to be concluded on the basis of this Agreement.

Article 7

Representatives of the two Governments shall, upon mutual consent, meet annually, alternately in Tokyo and Moscow, to discuss matters related to the implementation of this Agreement and to elaborate, if necessary, appropriate recommendations to both Governments.

For the Government of the
Union of Soviet Socialist
Republics

N. KOMAROV

Article 8

Transactions concluded during the period of validity of this Agreement and not fully executed at its termination shall be carried out in accordance with provisions of this Agreement.

Article 9

This Agreement shall come into force on the date of its signature and shall remain valid until December 31, 1985. However, the provisions of this Agreement shall be applied retroactively as from January 1, 1981.

Done at Moscow on May 22, 1981, in two originals, each in the Russian and Japanese languages, both texts being equally authentic.

For the Government of
Japan

T. UOMOTO

Annex

*to the Agreement on the Exchange of Goods and
Payments Between the Union of Soviet Socialist Re-
publics and Japan for the Period From 1981 to 1985*

LIST I

**Goods for Export from the Union of Soviet
Socialist Republics to Japan in 1981-1985**

Metal-cutting lathes	Valves and accessories	Secondary aluminium
Forging and pressing equipment	Abrasives	Magnesium
Power-generating equipment	Tractors	Titanium sponge
Electrical equipment	Agricultural machinery	Platinum
Welding equipment	Means of transportation	Palladium
Mining equipment	Clocks and watches	Rhodium
Crushing and grinding equipment	Photo and cinema equipment	Rare and rare-earth elements
Metallurgical equipment	Spare parts for equipment	Praseodymia
Oil-drilling equipment	Various machinery and equipment	Lithium carbonate
Handling equipment	Patents and know-how	Rutile concentrate
Food-processing industry equipment	Coal	Isotopes
Light industry equipment	Oil and oil products	Various chemical products
Chemical industry equipment	Petroleum coke	Potassium salts
Construction industry equipment	Iron ore	Synthetic rubber
Road-building machinery	Chrome ore	Magnesite clinker
Pumps and compressors	Asbestos	Commercial timber including long hardwood logs for pulp production
Printing industry equipment	Talcum ore	Wood chips
Electronic industry technological equipment	Graphite	Sawn timber
Communications equipment	Pig iron	Pulp
Marine equipment	Ferro-alloys	Newsprint
Measuring instruments and laboratory equipment	Polycrystalline silicon	Cotton
Medical equipment and instruments	Steel scrap	Cotton seed
Furs	Zinc	Cut diamonds
Medical herbs, pharmaceutical raw materials, prepared drugs	Nickel	Motion pictures
Tibetan medicines	Vodka	Books, periodicals and other printed matter, postage stamps and gram- ophone records
Whale meat	Brandy	Miscellaneous goods
Red roe and caviar	Carpets	
	Sewn goods	
	Handicrafts	
	Jewelry	

Annex

*to the Agreement on the Exchange of Goods and
Payments Between the Union of Soviet Socialist Re-
publics and Japan for the Period From 1981 to 1985*

LIST II

**Goods for Export from Japan to the Union of
Soviet Socialist Republics in 1981-1985**

Equipment, machinery, materials and other goods for the development of coking coal deposits under the General Agreement of June 3, 1974	Communications equipment	Wool yarn
Equipment, machinery, materials and other goods for the geological prospecting of oil and/or gas off-shore the Sakhalin island under the General Agreement of January 28, 1975	Mother belt conveyer	Knitted and other fabrics
Equipment, machinery, spare parts and materials for the development of timber resources of the Far East under the General Agreement of March 9, 1981	Pipeline fittings	Cord fabric
Equipment for the manufacture of electronic products	Bulldozers, pipe layers and their spare parts	Knitwear and sewn goods
Equipment for the manufacture of electrical home appliances	Ships	Artificial and synthetic leather
Chemical equipment	Spare parts for ship machinery	Various footwear
Pulp-and-pare equipment	Ship repair	Other light industry products
Printing equipment	Industrial knives and saws	Soft cable compound
Refrigerating equipment	Pumps and compressors	Lacquers and paints
Handling equipment	Measuring instruments and laboratory equipment	Melamines
Light industry equipment, including textile equipment	Bearings	Monoethanolamine
Food industry equipment	Medical devices and instruments	Polyacrylamides
	Electronic calculators, duplicating and other office equipment	Toxic chemicals
	Various machinery and equipment	Other chemical products
	Ferrous rolled products	Medicines
	Tin plate	Pearl
	Steel pipes	Agar-agar
	Steel wire rope	Fresh fruits, canned fruits and fruit juices
	Cable manufactures	Whisky
	Quartz products	Cigarettes
	Conveyer belt	Motion pictures
	Viscose staple fibre	Books, periodicals and other printed matter, postage stamps and gramophone records
	Synthetic fibres	Miscellaneous goods
	Artificial silk and synthetic fibre yarns	

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TRADE WITH INDUSTRIALIZED COUNTRIES

WESTERN CRITICISM OF SOVIET TRADE POLICIES REFUTED

Moscow FOREIGN TRADE in English No 11, Nov 81 pp 42-51

[Article by Prof. Boris Vaganov and Prof. Abram Frumkin: "Absurd Inventions and Sober Reflections (Concerning Some Bourgeois Concepts of USSR Foreign Trade)*]

[Text]

V

Western literature on questions of trade with the Soviet Union discourses upon different far-fetched "obstacles" allegedly often standing in the way of trade and hindering its development. These "obstacles" are usually connected with basic features of the socialist economic system and peculiarities in the socialist organization of foreign trade. In particular, some bourgeois authors assert that the impediment obstructing trade with the Soviet Union and other socialist countries is... centralized planning. The matter is presented as if planning supposedly hinders the "free flow of foreign-trade exchange" since foreign trade is reduced to the role assigned to it in general economic development. Moreover "changes to plans cause demands for goods being purchased from abroad and the export possibilities of the Eastern countries also to change."¹

In reality, planning and the planned, progressive development of the economy of the USSR create that firm foundation needed for durable foreign trade ties which the capitalist market lacks.

To the category are also added the complaints that ostensibly the "economic institutions and practice of the communist countries inevitably create special difficulties in trade for firms and governments of countries having market economies."² In fact the question is not so much about some difficulties but about the contrasts in the organization of foreign trade caused by the differences in social

* Continued from No. 10.

¹ *East-West Trade. The Lessons from Experience*, The Conference Boards, U.S., N.Y., 1971, p. 20.

² *A New Trade Policy Toward Communist Countries*, September 1972, p. 19.

structure. Incidentally, the socialist countries could with far greater foundation present a long list of faults in relation to capitalist foreign trade practice (currency upheavals, non-stability of prices, speculation, etc.). But, evidently, listing such faults is senseless and not at all useful since they are features inseparable from the capitalist economic system.

Bourgeois literature continues publishing groundless attacks against the state monopoly on foreign trade in the USSR or simply prints untrue interpretations about this monopoly.

The USSR foreign trade monopoly means that the management of foreign trade is a sovereign right of the socialist state which controls all questions connected with this sector of the economy. Thanks to the state monopoly external trade of the USSR became a constituent part of the planned Soviet economy. It cannot be otherwise under conditions in which all the country's economy is concentrated in state and cooperative sectors based on public (state) and cooperative-collective farm ownership and developing according to a single national economic plan. Such organization helps foreign trade and other branches of the economy to be developed in the public interest. In its time the foreign trade monopoly assisted the Soviet Union to quickly grow from a backward country into a mighty industrial agrarian power and achieve true economic independence.

Meanwhile, throughout many years, the USSR foreign trade monopoly has been the target for completely unfounded attacks by bourgeois economists. Not infrequently they asserted, for example, that this monopoly "separated trade from production" and therefore was negatively telling upon the development of trade relations between countries with a "market" and planned economy. Thus one official publication of the US stated: "Trade monopolies operate separately from state enterprises which produce export goods and are interested in imports. This differentiation does not allow many foreign producers to conduct direct negotiations or establish direct contacts with the ultimate consumers, does not allow the foreign buyers to establish similar contacts with the producers."¹

Similar theses are met not infrequently in Ame-

rican literature. For instance, the book *East-West Trade*, published in 1977 by the Atlantic Council, speaks about the "separation of the Western businessman from his ultimate customers and this is considered as one of the 'non-tariff barriers' in the socialist countries." "Separation of the businessman from his ultimate customers, the producing enterprise and the consumer by the requirement to negotiate solely with foreign trade organizations prevents the businessman from assessing opportunities and interesting potential customers in his products."⁴

Unfortunately similar opinions are expressed in books written by S. Pissar, a well-known American specialist in East-West trade, who stands on the positions of peaceful co-existence and the development of cooperation of countries having different social-economic systems. Contributing to the proliferation of delusions in the West, Pissar writes that "foreign companies in general suffer deprivation of contacts with those who use their products" and that is why "Western firms find it difficult to estimate authentic demands of possible purchasers and satisfy these demands". Alongside this statement he adds... "the ultimate consumer (in the USSR), in his turn, is insufficiently informed about particular features of equipment and technologies which a foreign producer can offer" and the foreign trade organization "often does not come forward with the special information needed for resolving complex technical problems as the foreign trade monopoly of the foreign trade association is more interested in commercial questions than the technical details which interest its clients."⁵

It must be noted that all this picture is far from reality, from true conditions of cooperation of the Soviet foreign trade associations with companies in the West.

The fact is that the monopoly of foreign trade does not mean there is any gulf between production and trade. As is known, import and export plans are made up entirely on the basis of requirements and demands of the country's economy, the needs

⁴ *East-West Trade*, Boulder, Colorado, 1977, p. 61.

⁵ S. Pissar, *Transactions entre l'Est et l'Ouest*, Paris, 1972, pp. 46-47.

¹ *A New Trade Policy ...*, September 1972, p. 20.

of separate enterprises and sectors in direct relation with production possibilities, tasks and plans of corresponding branches. Regarding purchases of machines and equipment representatives of corresponding industrial ministries and enterprises, as a rule, take direct and active part in all stages of foreign trade transactions starting from determination of the necessary parameters of this or that machine or device and ending with acceptance of the equipment supplied. Together with the staff of a foreign trade association they usually participate in negotiations with foreign firms' representatives and coordinate the technical questions of the future contract.

When necessary representatives of Soviet enterprises—consumers (or suppliers)—with the assistance of foreign trade associations and USSR trade representations abroad, visit foreign firms or invite foreign specialists to the USSR (for example, to take part in assembly and adjustment of the imported equipment).

Ties between foreign trade and industry are even more stronger due to the reorganization of foreign trade associations included in the Ministry of Foreign Trade's system made in 1978 and 1979 in the USSR. In these associations management boards have been set up of representatives from organizations included in the system of the Foreign Trade Ministry and from organizations of the corresponding branch ministries and departments of the USSR on a parity basis. The Charters of associations envisage that decisions of the Board are considered valid if at the meeting not less than half of the Foreign Trade Ministry's Board representatives and not less than half of them from branch ministries and departments are present. The Board's decisions are final and must be acted upon by the General Director of the Association.

Thus complaints that apparently the USSR forcing trade monopoly "separates trade from production" and creates some kind of "impediments" to the Western firms' trade with the Soviet Union are entirely without foundation. This also refers to the question of participation of the end-user in the adoption of decisions concerning imports. Sober assessments on this matter are voiced in the Western press. Thus in an article on trade with the CMEA member-countries published in the English *Financial Times* in 1979 it was justly noted that in those countries, for example, where negotiations were being conducted on the purchase of goods, their technical characteristics usually go to the possible end-user, whose technical evaluation will influence the outcome of the negotiations.*

As to the appearance of "potential buyers" in the USSR and their acquaintance with foreign firm's products, there are many opportunities which are successfully taken by hundreds of foreign companies. Besides the usual advertisements there is participation in numerous exhibitions (including specialised ones), fairs held annually in many towns in the USSR and also in other countries. These exhibitions are usually attended by production specialists for them to obtain knowledge of foreign firms' products and clarify the technical and other qualities of the products interesting to them.

One should also underline the fact that the state monopoly of foreign trade assures important advantages not only for the USSR but also for the trade partners. Intergovernmental trade agreements and the long-term large-scale operations of Soviet foreign trade associations have positive influence on the economy and employment in the capitalist countries, create a stable market for a long predetermined period. The Western press acknowledges this fact quite often as the abovementioned article in *Financial Times* which notes particularly: "Centralizing (foreign trade in the socialist countries) through foreign trade organizations does after all have its advantages" (for Western firms).

Sometimes the monopoly of foreign trade in the socialist countries is absolutely unjustly considered in the West as a variety of protectionism more effective than the protectionist system practised in the West. Unfortunately, this conception may be traced in some documents of such an authoritative international organization which contributes much to development of trade, economic, scientific and technical cooperation between the East and West as the UN Economic Commission for Europe.

At the meeting of the Committee on the Development of Trade in November 1980 the delegations of the USSR and Hungary sharply criticized the draft text of the *Economic Bulletin* (Vol. 32, No. 1) prepared by the ECE Secretariat in which the authors considering the East-West trade problem tried to prove that allegedly the tendency to strengthen import limitations was in equal measure common to the capitalist and socialist countries. It also contended that import restrictions existing in the Western countries supposedly do not effect the export of the socialist countries, whereas measures in the socialist countries lead ostensibly to curtailment of import from the Western countries. The USSR and Hungary declared that this document should not be accepted for discussion.

* *Financial Times*, January 30, 1979.

In accord with the decision adopted by the Committee on the Development of Trade at its 27th Session (1978) the ECE Secretariat prepared a document entitled Summary of all kinds of obstacles hindering the development of trade. That document was compiled on the basis of the official notifications passed by the ECE member-states to the Secretariat of the Commission.

This Summary reflects in detail the just statement of the USSR and other CMEA member-countries in relation to the numerous discriminatory impediments of a trade policy nature existing in the West. At the same time the ECE Secretariat on the basis of the notifications received from some Western countries included in this Summary such factors as the planned system of the economy and the state monopoly of foreign trade in the socialist countries, demagogically being presented as "obstacles" to the development of trade.

The delegations of a number of socialist countries, including the USSR, gave a decisive rebuff to these actions.

It stands to reason that the social and economic system of socialism and its basic features in general cannot be subject for any discussion in an international organization. Attempts to put forward for discussion this subject is dictated only by the strivings of some Western circles to destroy the work of the ECE on eliminating actual obstacles in East-West trade, created and being created by some capitalist countries.

The social and economic nature of the socialist foreign trade monopoly and imperialist protectionism are absolutely different, as well as basically different are their aims. In the first case the question is of the mechanism of the socialist planned economy, in particular about its defence from spontaneity of the capitalist economy;; in the second case, about the inter-imperialistic struggle for markets and profits.

The planning of Soviet foreign trade comes under the attack as well and is portrayed as an "impediment" obstructing foreign trade.⁷ About this it is asserted that supposedly the planned arrangement of foreign trade is badly combined with the spontaneously developing world market situation and thus hinders the natural flow of international trade. Foreign trade plans are in this case presented as some tough prescription making it impossible to take stock of marketing circumstances and therefore

opposing the flexible, rapid changes often occurring on the world market. Meanwhile, in reality in conformity with the functioning principles of the Soviet economy the centralized guidance is combined with operative and commercial independence of each production and trade enterprise. The work of foreign trade association is fully based on this principle which acting within the common framework of the national-economic plan and proceeding from commercial considerations resolves questions on the volume and dates of certain sales and purchases on the choice of contractors etc. On the initiative of the associations substantial corrections can be introduced to the initial import and export plans. Proposals of the associations and the Ministry of Foreign Trade, when elaborating future development plans for the national economy, are also considered. All this allows the foreign trade associations as commercial enterprises to use the world market situation.

It is also an unfounded statement that the "foreign trade plan having the force of law, can be viewed as the discriminatory application of quotas"⁸ and as "non-tariff barrier". Here again the unjustifiable transference of categories of the capitalist economy on the Soviet foreign trade takes place. The foreign trade plan has nothing in common with "non-tariff" or "discriminatory quotas", it does not include any discriminatory features. In the choice of a country and a firm-contractor foreign trade associations are guided by general commercial considerations. If, for example, the foreign firms' proposals are unfavourable and negotiations with them do not reach a rational commercial understanding the associations may accept one of the following solutions and put forward corresponding proposals:

(1) transfer the purchases to another Western country;

(2) transfer the purchases to one of the CMEA member-countries;

(3) postpone the purchase to the following year or even to the next five-year-plan period;

(4) entirely refuse imports of the named goods and put the question of manufacturing them to Soviet industry and use the saved currency for other purposes.

Oppositely, under favourable commercial conditions it is possible to put the question of increasing purchases above those designated in the initial plan.

⁷ *East-West Trade, The Lessons from Experience, International Survey of Business and Experience, The Conference Board, U.S., N.Y., p. 19*

⁸ *East-West Trade* ..., N.Y., 1971, p. 61.

Attempts to assign a "discriminatory character" to the USSR foreign trade plan have the aim, obviously, to distract attention from the just criticism of the discriminatory practice of developed capitalist countries, also in relation to the Soviet Union and a number of other socialist countries.

At the same time planning USSR foreign trade and its organizational forms make sure it possesses sufficient variations and flexibility to embrace not only most of the essential goods but also all available resources into the international turnover. In particular, development of border trade, trade transactions between Centrosoyuz and foreign co-operative organizations, etc., contribute to this.

At times, it is asserted as if the monopoly of foreign trade creates "unjustifiable advantages" for the USSR as Western firms have to deal only with certain foreign trade associations and to not "have a choice". "The Western partner is withheld the possibility of choice from a number of potential Eastern partners. He has to trade either with a state corporation or refuse from trade with a given socialist country entirely. This circumstance is often used to the disadvantage of the Western partner."⁹ A perfectly bankrupt argument! The fact is, all trade partners of the USSR are in this sense in an equal position, no exception is made for anybody and no one is subjected to any kind of discrimination in this respect (as well as others).

That this circumstance is used "to the disadvantage of the Western partner" is also not true. If that partner considers this or that proposal of the Soviet foreign trade association unprofitable to him, if that proposal in relation to prices or other conditions does not correspond to the world market position, he, obviously, turns the transaction down and no one can force him to accept unadvantageous contract conditions.

Bourgeois authors put their national companies and banks in the role of some naive simpletons twisted around the little finger of the socialist countries' foreign trade associations and banks. Thus in the *Department of State Bulletin* (USA) it

⁹ *East West Trade* ..., N.Y., 1971, p. 12.

is stated that "Relying on their monopolistic position, ... banks of the socialist countries are often able to obtain credit from private firms at conditions which would not be possible under the normal market situation."¹⁰ One may think that someone compels them to grant credit on these conditions. Is it not more logical to assume that they do so, thinking it profitable to themselves?

In its trade agreement policy the USSR widely uses bilateral trade agreements with foreign states. In Western economic literature this circumstance sometimes has a negative assessment. It is maintained that such agreements retard the expansion of trade ties of the USSR with the capitalist countries and are a "hampering factor in East-West trade."¹¹ Some authors without foundation oppose "bilateral communist trade" to "open world trade".

In reality, bilateral trade agreements are a highly convenient organizational form and the basis of the development of economic cooperation between the USSR and the capitalist countries. They impart great stability to international economic relations.

The West does not always correctly understand the valid connection between foreign trade plans of the Soviet Union and its trade agreements. This connection has a two-way character. On the one hand, when preparing such agreements the Soviet Union proceeds from a general perspective of the development of the national economy on the basis of existing plans. On the other hand, these agreements have an influence on future planning of the country's economy and foreign trade. Similar practice assures the best combination of national economic interests of the Soviet Union with the interests of its trade partners.

USSR trade agreements with the capitalist countries do not contradict usual commercial principles, do not at all exclude considerations of commercial competitiveness and the possibility of rivalry on the part of a third country. As is known, agreements are a commitment of the negotiating governments to assist the development of trade in every way possible. In practice this means, first of all, mutual commitment to the procurement of licences and other authorizations on the export or import of goods, according to which contracts are concluded between Soviet foreign trade organiza-

¹⁰ *Department of State Bulletin*, May 21, 1973, p. 641.

¹¹ *East West Trade* ..., N.Y., 1971, p. 23.

tions and foreign firms. Consequently, the factual realization of these agreements directly depends on those specific commercial conditions which are suggested by the capitalist firms. Under profitable competitive conditions (regarding prices, delivery terms, order of payments, etc.) trade develops successfully. On the contrary, if these conditions are not competitive, if they are inferior to proposals put forward by firms in third countries that will naturally complicate the matter.

Thus, bilateral trade agreements of the USSR with the capitalist countries not at all exceed the bounds of normal foreign trade practice, not at all eliminate the possibility of choice of the optimum markets and not at all cause some economic non-rational "deflection of trade" about which the bourgeois authors write.

In Western literature one meets claims apropos insufficient information about Soviet foreign trade, in particular "insufficient information on how production costs and prices are formed" (in the Soviet Union).¹² "Arbitrary determination of costs and prices does not give a foundation for opinions on import and export needs and that is why it is difficult to assess future business" (in trade with the Soviet Union).

The socialist economy of the USSR is developed on a planned basis in accordance with long-term, medium-term (five-year) and annual plans. These plans are discussed at CPSU Congresses and adopted at sessions of the USSR Supreme Soviet, and corresponding documents are published in the press. Heads of branch ministries and departments and of many associations, scientists, economists discuss problems and the future development of this or that sector in national newspapers. In all of these publications various statistics and other factual information are given. Every year a collection entitled *The National Economy of the USSR* is published. The magazine *Foreign Trade* often inserts material on the activities of Soviet foreign trade associations and firms, on the participation of individual branches or enterprises of the USSR in foreign trade and regularly publishes information on the conclusion of large foreign trade contracts.

The American journal *Trade Policy Review* justly underlines the importance of five-year plans of the USSR and other socialist countries for predicting possible trade trends with these countries.

An article on the State of East-West trade reveals that "the Soviet Union and countries of Eastern Europe intend to adopt their five-year plans in 1980 although the next planned period begins in 1981. However, publication of the planned figures makes it possible to determine the economic areas needing the greatest capital investment."¹³

At the same time it goes without saying that for Soviet organizations (and Western firms) such a quite natural notion as commercial secrets exists. Therefore, it is absurd to make such demands upon the USSR which the Western firms themselves do not fulfil as, for example, supply information on the methods used to determine their costs of production and prices.

Bourgeois authors are criticizing that domestic pricing in the socialist countries is not directly connected with world prices and does not depend on them. But, one may ask, what have these questions to do with East-West trade? Similar discussions show again the attempts to interfere in the internal economic affairs of the socialist countries. These countries, on their side, do not at all infringe the principles of price formation which capitalist firms or the capitalist states adhere to. The Soviet Union conducts import and export trade on the basis of world prices in line with usual commercial practice, and the internal pricing system—retail and wholesale—is nothing to do with the foreign trade partners of Soviet organizations.

The old, but groundless dumping accusation against the Soviet foreign trade still repeats in some publications. "On the markets of third countries or even on their internal market Western producers face the competition of the communist trade corporations which do not need to reimburse production costs and sometimes are even not aware what these costs are."¹⁴ This "argument" is used in dishonest campaigns against the USSR trade fleet carrying the cargoes of foreign charterers.

Here it is asserted that foreign trade prices on Soviet goods are "regulated not by the market but by political considerations,... and therefore the danger of dumping or the use of prices for political aims grows."¹⁵

One recent statement on this theme: "The fact that countries with a non-market economy can capture an unfairly great proportion of the American market by means of unjustified low prices has long caused unrest in US commercial and political circles."¹⁶

¹² *East-West Trade*, N.Y., 1971, p. 20.

¹³ *Trade Policy Review*, No. 4, 1980.

¹⁴ *A New Trade Policy*..., September 1972, pp. 20-21.

¹⁵ *Ibid.*

¹⁶ *Trade Policy Review*, No. 4, 1980.

The demagogic character of such assertions can be seen from the fact that in 1979, for example, import from all the socialist countries constituted as much as 1.4 per cent of US total imports, including the import from the USSR which was less than 0.5 per cent.

To such kinds of attacks we should again answer that the Soviet Union, as is very well known, conducts trade on the basis of world prices adhering to normal world market competition. Soviet foreign trade organizations are absolutely not interested in giving away for next to nothing the fruits of the Soviet people's labour. On the contrary, these organizations, acting on commercial, cost accounting methods endeavour to ensure the maximum favourable conditions for their export and import operations. In particular, the amount of currency earned is one of the important indicators of the foreign trade associations' activities. The assertions that ostensibly, Soviet pricing policy can cause "serious disturbances on international markets"¹⁷ cannot be anything but intentional slander. In essence, such assertions are themselves instruments of "unfair competition".

In this connection the objective evidence of A. Oztemel, Chairman of the Board of the American company Satra, convincingly exposes in his writings "myths about Soviet capability to export to the United States." One of such myths is that "the Soviets once given normal trade relations will engage in 'unfair pricing practices' and resort to 'dumping'." In answer A. Oztemel said that the experience of the Satra company in the decade it has been purchasing and distributing Soviet products showed that the prices Soviet organizations demanded and received "reflect current market pricing procedures".¹⁸

VI

In the list of far-fetched "obstacles" in East-West trade reference is made to compensation transactions in which export and import is mutually stipulated. "State trade monopolies sometimes insist on compensation transactions which force a Western company to acquire and sell goods it possibly does not need."¹⁹

Such "arguments" produce curious impressions. One must repeat again: who is compelling or can compel Western firms to conclude transactions unprofitable to them, especially transactions of the compensation kind? It looks as if some authors have the conscious aim to frighten Western firms away from cooperation with the socialist countries with the help of any fabrication.

Meanwhile in the 1970's agreements concluded on the compensation basis occupied an important position in the systems of East-West economic ties. The majority of large-scale transactions between the socialist and capitalist countries were agreed precisely on this basis. At present more than 400 compensation agreements between the CMEA members and Western countries are in force. The USSR concluded about 70 of such agreements, the volume of export-import deliveries under these agreements should amount to more than 35,000 million dollars in the 1975-1990 period.

In this field the matter is absolutely clear: compensation transactions are one of the forms of mutually profitable cooperation between Soviet foreign trade organizations and Western companies. The very facts of the wide development of similar transactions and the positive assessments being given in the Western countries, are good witnesses as to their future. Thus, for example, in the work published in 1978 by the US Department of Commerce, "East-West Countertrade Practices" noted that "Western firms engage in compensation transactions with the CMEA countries because it affords them the opportunity to export machinery, equipment, technology and know-how to a potentially large market and, in some cases, to establish an alternate source of supply for raw materials, semi-finished and finished goods."²⁰

G. Mateika, a Swiss specialist on East-West trade, in a paper entitled "Compensation, Convertibility and Future East-West Trade" (April 1980) demarcates two forms of compensation transactions: "autonomous" or "natural" dictated by the mutual interest of the sides in receiving corresponding goods and "accommodating" or "balancing" caused first of all by payment considerations dictated by the attempts of one of the sides to save currency. The author encourages and approves the first category of the transactions considering them justified economically and negatively refers to the second category believing they lower the effectiveness of foreign trade.

¹⁷ *A New Trade Policy*..., pp. 20-21.

¹⁸ *Common Sense in US-Soviet Trade*, 1979, p. 97.

¹⁹ *A New Trade Policy*..., p. 20.

²⁰ *East-West Countertrade Practices*, Washington, 1978, p. 13.

However, such a classification seems artificial, it simplifies the actual state of things. In practice compensation transactions between Soviet organizations and Western firms simultaneously include both motives. It goes without saying, the specificity of these motives in various transactions and for various partners can be different. One is unquestionable: compensation agreements widen the opportunities for mutually profitable trade; without them the trade turnover volume would be less and already for this reason they are a useful and effective form of cooperation. They give mutual trade a stable, long-term and large-scale character corresponding to the modern development level of productive forces and internationalization of economic life which is not always achieved under the usual foreign trade operations. One can also note that the modern capitalist world market is very far from that hypothetical picture of "completely free multilateral trade" which, according to abstract computations of traditional bourgeois foreign trade theory, is considered "most effective".

K. Bolts,²¹ a West German economist, recognizing the mutually profitable character of many compensation transactions, at the same time expresses a number of far-fetched "fears" and "doubts" in relation to this form of trade. It appears to him, stability and long-term compensation transactions can create difficulties for Western firms, which in the conditions of hardening competition are forced, as before, to take goods stipulated in the agreement. At that the author disregards that indisputable fact that under any competition on the capitalist market the Western firm has in these cases an assured market for his goods for many years ahead. That is why there is no foundation to call compensation transaction "a formula with a boomerang effect" as the author makes out (for Western companies).

Using such terms to characterize transactions on the compensation basis as "contrary trade" or "counter trade" Western economists mix and amalgamate (intentionally or involuntarily) phenomena quite different in their content in international trade. Single transactions (including barter operations) in which export and import operations are tied up, cannot be classed as compensation agreements. In the latter case the question is about large investment projects creating long-term, stable, productive, scientific, technical, credit and trade relations between partners.

In Western press such statements are published as if large-scale transactions like the agreement with Fiat, the Italian concern, on cooperation in building the Volga motor factory are only possible for large capitalist companies leaving the small and even medium-sized firms outside the economic relations with the Soviet Union. What can be said about this? Of course, by virtue of objective conditions small firms cannot possibly conclude multi-million contracts with Soviet organizations, especially on cooperation in building large industrial projects or developing natural resources. Nevertheless, the assertion that it is impossible for small and medium-sized firms to profitably cooperate with Soviet organizations does not correspond to the truth. Thus at one conference on trade problems and industrial cooperation between the East and the West Mr. Buffa, Vice-President of Fiat, highly estimated the cooperation with Soviet organizations in building the Volga motor plant. In his report he pointed out when realizing such projects in which technological cooperation prevails that many small enterprises are found to be involved in additional deliveries and sub-deliveries and also independent deliveries by small enterprises as they become known.

In answer to a question on opportunities of small and medium firms in trade with the USSR N.S. Patolichev, USSR Minister of Foreign Trade, said: "There will be sufficient room for small and medium-sized companies. Those contracts concluded here on the deliveries for the heavy-duty truck plant at Kama are an example. Such contracts have been signed with 80 companies and some of them are small and medium-sized firms."²²

In connection with the widening business contacts of the Soviet Union with large capitalist countries and firms sometimes statements appear in the Western press as if this happens at the expense of reducing trade with the small countries. Such apprehensions are without foundation. The Soviet Union in its external economic policy has never shown preference for that or other countries depending on their geographic or demographic sizes. The volume of the Soviet market, high development level of industry, science and technology in the USSR are a reliable guarantee that in East-West trade there is much business for large and small countries and firms.

²¹ *Intereconomics*, No. 5/6, 1977.

²² *US News and World Report*, March 1974.

During discussions of future trade and economic relationships with the USSR the West not infrequently put this question: are direct capital investments in Soviet enterprises possible for Western firms as well as their participation in managing joint enterprises?

As to this, one must say that Soviet legislation does not permit foreign ownership of enterprises or joint management with foreign firms of enterprises on Soviet territory. At the same time this does not exclude that within the framework of existing statutes which are specified by the foundation of our social-economic system Western firms may receive quite lawful profit. And many representatives of the business world in the West understand this.

In an interview given to the American weekly *Newsweek* D. Rockefeller, Chairman of the Chase Manhattan Bank, was asked, "Is it not the reluctance of the East-European states to permit foreign investors to participate in enterprises they help build the main obstacle obstructing capital investment in the East?" The answer was quite unambiguous. "In the long run," declared D. Rockefeller, "an industrial company or a bank is interested in being assured, their fair share of the profits in the enterprise equal to the capital and technical assistance they contributed to the corresponding project. Therefore, it does not matter whether they are a stock-holder or not in the enterprise as an agreement exists which assures their relevant share of the profits." The logic of this argument cannot be denied.

Answering the question on the possibility of forming joint enterprises in which American companies could be partners with Soviet state organizations, N.S. Patolichev remarked: "We have never created joint industrial enterprises in any other country or countries. We consider that their peoples can manage without us and we maintain such principles in our country."

One more question, concerning internal economic affairs and legislation of the USSR, is connected with the demand sometimes being advanced for free convertibility of the ruble on the world capitalist market. It is put forward that the absence of such convertibility allegedly damages East-West trade relations. This statement has no grounds at all. All settlements and payments in USSR trade with the capitalist countries are usual-

ly accomplished under mutual agreement in some predetermined freely convertible or other currency. This circumstance does not cause any difficulties: on the contrary, it gives trade a multilateral character: receipts obtained by the Soviet Union or its partners in this trade can be also used to purchase goods from other countries.

Among the far-fetched "problems" allegedly standing in the way of East-West trade is the so-called "problem of liabilities" of the Soviet Union and a number of other CMEA member-countries in relation to firms and banks of the West which is recently rather often spread in the Western press. The question is about usual commercial practice of firms and bank creditors which foreign trade organizations of the USSR and other countries use to purchase (often on a long-term and large-scale basis) machines and equipment and other goods from the West. It is well known that the Soviet Union has always promptly fulfilled and fulfils its financial commitments. Western authors cannot but help admitting this. As *Financial Times* writes, "most of the CMEA countries, the Soviet Union in particular, have a good record for paying up regularly and on time."²¹

Addressing a conference in Vienna (March 1979) D. Kendall underlined the fact that "in all normal economic assessments this liability (of the East European countries) at its present level is normal."

The statement made by L. Skarpa, a Swedish economist, is also noteworthy (in his book *Business Relations with Eastern Europe*, Stockholm, 1978.): "The Soviet Union clearly under-uses its capacity to obtain new credits. Despite the considerable foreign liabilities the Soviet Union should be considered a very solvent country taking into account its production and great reserves of gold and, mainly, substantial resources of raw materials."

Finally, N.S. Patolichev's reply to a similar question. "First of all, do not forget that the sum of our general borrowing is less than the sum we lend in the world. Problems in the financing of trade with other countries do not exist. Conversely, these countries display initiative in financial questions because they want to sell goods to us."²²

Thus there are no foundations for "anxiety" concerning this—the more so as the "anxieties" are

²¹ *Financial Times*, January 30, 1979.

²² *US News and World Report*, March 1974.

very far-fetched and are especially sounded by the opponents of detente and cooperation.

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Alongside the various clearly insolvent "conceptions referring to USSR foreign trade, another and reasonable approach exists in recent Western economic literature. More and more political figures, business circles representatives, and economists have arrived at the conclusion that the real and personal interests of the Western countries—both economic and political—imperatively need wide development of trade and economic cooperation with the Soviet Union. And despite the radical contrast of social systems, despite principled differences in the organization of all economic life, foreign trade in particular, such cooperation, on principles of equality, mutual benefit and non-interference in internal affairs, is quite possible and necessary.

This is discussed in two collections of articles and reports published by the American Committee of East-West Concord under the titles "Common sense in American-Soviet Relations" (1978) and "Common sense in American-Soviet Trade" (1979). Eminent representatives of political, business, and scientific circles of the USA write in these collections about the reasonable concern of the American side in normalization and development of these relations and trade.

Common sense, however, has clearly disappeared from the US government when it "has no scruples in using trade as an instrument for political pressure." Reliance should be placed on hopes that despite the zigzags in US foreign trade policy giving this country the reputation of a non-reliable trade partner, wisdom will in the end prevail.

As regards further development of USSR trade with other capitalist countries, much here depends on the latter. To expand this trade it is necessary to eliminate the remaining (in particular in the West European countries) political, trade and administrative barriers. The interests of mutual beneficial relations of the Soviet Union with these countries prompt speedy lifting of the trade barriers.

Creation of favourable and even advantageous trade policy conditions is much more important for industrial cooperation of the USSR and other socialist countries with the capitalist states. It would be advisable for the governments of the capitalist countries in the interests of developing their perspective form of business ties to change the quantitative limitations and licensing in relation to products supplied within the framework of agreements on industrial cooperation with the socialist countries, annul or reduce customs duties on products from jointly constructed enterprises, credit their building on easy terms, simplify customs and other procedures, etc. Apparently the time has come for recommendations to be elaborated, say, within the framework of the UN Economic Commission for Europe which would assist development of industrial cooperation on principles of mutual benefit and without discrimination.

In spite of the current complicated international situation that occurred through the fault of US ruling circles, long-term and radical interests of all countries require normalization, strengthening and widening of East-West trade and economic cooperation. The position of the Soviet Union on this question is well known and was reiterated by L.I. Brezhnev and other Soviet leaders in their speeches. This clear-cut political direction in relation to future development of trade and economic cooperation with countries of the West given at the 26th CPSU Congress.

In the Guidelines for the Economic and Social Development of the USSR for 1981-1985 and for the Period Ending in 1990 adopted at the 26th CPSU Congress it is envisaged "to maintain stable mutually beneficial trade, economic, scientific and technical contacts with capitalist countries showing interest in cooperation with the Soviet Union, to continue the implementation of the agreements in force and the conclusion of new agreements on carrying out large-scale projects in the fuel, metallurgical and chemical industries and other branches of the national economy, to explore other avenues for promoting cooperation with these countries."²⁵

²⁵ Documents and Resolutions. The 26th CPSU Congress, Novosti Press Agency Publishing House, Moscow, 1981, pp. 235, 236.

The Soviet Union proceeds from the position that any trade-policy problems in East-West relations can be successfully resolved if both sides approach the problems from realistic positions, consider mutual interests, develop cooperation on principles of equality, respect for sovereignty and non-interference in internal affairs. Favourable development of economic relations will assist those positive shifts in political relations which strengthen peace and security in the world.

The line of the Soviet Union on the wide development of international economic cooperation, as the 26th CPSU Congress again confirmed, remains invariable, for this is a principled course in international economic relations reflecting the purposeful direction of Soviet foreign policy for maintaining peace, strengthening detente and mutual understanding between peoples.

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